Assessing the dynamics of economic relations between Kenya and South Korea

Edwin Nalulasi Masika [1]
Frank K. Matanga[2]
Edmond M. Were[3]

[1]nalulasi@gmail.com
[2]fmatanga@mmust.ac.ke
[3]dr.were@kisiiuniversity.ac.ke

[1,2] Masinde Muliro University of Science and Technology; [3]Kisii University; [1,2,3] Kenya

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ABSTRACT

Bilateral Investment Treaties provide foreign investors with legal protections, including safeguards against expropriation, fair and equitable treatment, and investor–state dispute settlement mechanisms. These protections are intended to reduce investment risks and promote Foreign Direct Investment. However, despite the legal framework governing investment, Korean investment in Kenya remains limited and concentrated in selected initiatives rather than broad-based industrial development. This study examined the dynamics of economic relations between Kenya and South Korea, focusing on bilateral trade, foreign direct investment, technology transfer, diplomatic cooperation, and the contribution of Bilateral Investment Treaties to economic engagement. The study was guided by economic liberalism theory and employed a descriptive research design. Conducted in Kenya and South Korea, the study used purposive sampling to target government officials from Kenya's Ministry of Foreign Affairs and Ministry of Trade, Investment and Industry, as well as representatives of the Embassy of the Republic of Korea in Kenya and the Kenyan Embassy in South Korea. Quantitative and qualitative approaches were used to analyse the data. The findings indicate that 56.6% of traders agreed that bilateral trade had increased over the preceding decade, while 13.8% disagreed. However, only 14.5% considered Kenya's exports to South Korea substantial, whereas 58.9% disagreed. Similarly, only 17.5% regarded South Korea as a major investor in Kenya, although 45.1% perceived Korean Foreign Direct Investment as growing. Furthermore, 67.7% disagreed that the bilateral trade balance favoured Kenya, and 36.0% disagreed that trade had diversified across sectors. Nevertheless, 47.8% acknowledged technology transfer benefits from Korean investments. Regarding the investment environment, 52.2% disagreed that Korean businesses faced few regulatory barriers, while 52.5% agreed that diplomatic relations supported economic cooperation. Only 24.6% reported regular bilateral meetings. Although 54.2% believed Bilateral Investment Treaties had contributed to increased Korean Foreign Direct Investment inflows, 40.7% considered South Korea an important partner for achieving Kenya's Vision 2030.The study concludes that Kenya–South Korea economic relations have expanded, but the perceived benefits remain uneven. Increased trade and reported technology transfer have not translated into substantial Kenyan exports, a favourable trade balance, or broad-based sectoral diversification. Although Bilateral Investment Treaties are perceived to support investment, their contribution to inclusive economic transformation remains limited. The study recommends establishing a Kenya–South Korea Export Acceleration Programme involving relevant public-sector institutions, including the Kenya Plant Health Inspectorate Service and the Kenya Bureau of Standards, to address regulatory and market-access barriers, strengthen export competitiveness, diversify traded products, and improve the distribution of bilateral economic benefits.

Keywords: Bilateral Investment Treaties, Bilateral Trade, Economic Relations, Foreign Direct Investment, Technology Transfer, Kenya, South Korea.

I. INTRODUCTION

BITs have increased dramatically since the start of the 21st century (Cusimano *et al.,* 2024). Falvey and Foster-McGregor (2017) track BITs development from having only 75 BITs at the end of the 1960s, to 389 by the end of the 1980s, with around 2,832 at their time of writing (2,220 in force), with a further 455 investment agreements of other kinds (i.e., Treaties with Investment Provision, TIPs) (376 in force) (Investment Policy Hub, 2024). The period from 1990 to 2010 saw a significant increase in the number of BITs signed between countries. However, since around 2010, the number of new BITs being signed has mostly stagnated. Overall, the rise of BITs from 1990 to 2010 can be attributed to the increasing importance of foreign investment in the global economy and the desire of countries to attract that investment. The stagnation in the number of new BITs since 2010 can be attributed to a combination of criticisms of ISDS, shifting priorities among some countries, and the rise of regional agreements.

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South Korea has become a major investor since it has developed into an industrial economy. In contrast, Kenya is a developing economy seeking foreign direct investment for industrialization, infrastructural development, and technology advancement. In the past several decades, Kenya has entered into numerous BITs with trading partners like China, the United States, and the European Union member countries and its agreement with South Korea. These agreements were expected to facilitate the liberalization of barriers to trade and FDI and to support long-term bilateral and multilateral economic relations. However, the fact that Kenya continues to experience a trade deficit with South Korea and the relatively low FDI from South Korean firms to Kenya in industrial development areas raises questions about the achievement of the BITs.

Therefore, the trade relations between Kenya and South Korea are still somewhat unbalanced, with Kenya exporting raw materials to the industrialized economy of South Korea and importing cars, electronics and machinery, and high-technology manufacturing products. Such skewed trade relations bring into question the extent to which BITs have agreed to invest in the promotion of mutual economic development or have instead deepened Kenya's dependence on the importation of industrial goods. Despite Kenya's efforts to attract South Korean investors in manufacturing, infrastructure, and information and communication technology (ICT), the realized FDI inflows from South Korea have been below expectations (Gertz et al., 2018). Such investments have focused more on the telecommunications and service sectors than the industrialization and production sectors, which are vital to the long-term growth of the Kenyan economy.

1.2 Statement of the Problem

The fundamental premise of BITs rests on the assumption that legally binding investment protections—including guarantees against expropriation, fair and equitable treatment, and investor-state dispute settlement mechanisms—will stimulate FDI flows by reducing investor risk and enhancing regulatory predictability. South Korea, as an advanced industrialized nation, has sought to expand its economic influence through technology, infrastructure, and investment partnerships, while Kenya has aspired to replicate South Korea's industrial transformation to accelerate its own development trajectory. Yet, despite these mutual objectives and decades of treaty-based cooperation, a significant gap persists between the stated policy goals of BITs and their tangible economic outcomes for Kenya.

Despite the existence of comprehensive legal protections, Kenya has continued to experience remarkably limited South Korean investment. The FDI that has materialised remains concentrated in specific development initiatives, such as the USD 1 billion Economic Innovation Partnership Programme for Konza Technopolis, rather than representing broad-based industrial investment with widespread spillover effects (Kajilwa, 2024). South Korean investors have consistently reported concerns regarding uncertain laws and policies, complex regulatory procedures, and insufficient institutional frameworks for long-term investment protection (Lee & Kim, 2021). The fact that FDI remains constrained despite comprehensive legal protections suggests that BIT provisions alone are insufficient to address deeper structural and institutional barriers to investment, raising questions about the treaty's effectiveness as an instrument for promoting genuine economic integration. This divergence between policy intent and tangible economic results constitutes the central problematic that this investigation seeks to address.

1.2 Research Objective

The objective of the study was to assess the dynamics of economic relations between Kenya and South Korea.

II. LITERATURE REVIEW

2.1 Theoretical Review

2.2.1 Economic Liberalism Theory

Economic Liberalism is a theory developed by Adam Smith (1776) and David Ricardo (1817) based their argument on free markets, less government interference, and freedom to trade as keys to growth. In this perspective, BITs must provide a favorable climate for investment that would allow for the reciprocal liberalization of capital, goods, and services. Under economic liberalism, BITs are commitments given to investors that assure their rights against changes in domestic policies and facilitate trade by eliminating barriers (Bernhofen & Brown, 2018). However, in the case of the Kenyan-South Korean relationship, economic liberalism is not evident since Kenya still imports capital-intensive products while exporting resource-intensive products, thus creating a structural imbalance in trade. Although BITs promote investment protection and trading liberalization, they do not guarantee fair industrialization for Kenya (United Nations Conference on Trade and Development [UNCTAD], 2025); this makes people wonder if the BITs benefit capital-intensive South Korean investors at the expense of Kenyan companies.

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2.2 Empirical Review

Globally, the increased acceptance of BITs has been occasioned by their perceived ability to promote an environment for FDI. To address concerns common with international investment, BITs offer legal remedies and guidelines to the parties involved in the dispute. According to UNCTAD (2020), the number of bilateral investment treaties signed globally has increased to over 2500, confirming the importance of BITs in the current global economy. Today, they are indispensable in international economic relations as they govern FDI and offer legal guarantees to investors.

BITs, in essence, encourage cross-border economic relations by providing assurances against risks such as nationalization, unfavorable treatment by the host state, and changes in legislation. They typically include provisions for protecting enterprises through fair and equitable treatment, investor-state dispute settlement (ISDS), and protection against nationalization or expropriation of investments without adequate compensation (Yackee, 2010). These features make BITs particularly attractive to foreign investors, given the uncertainty that characterizes most Organization for Economic Cooperation and Development (OECD) countries' legal systems (Neumayer & Spess, 2005; Busse et al., 2010). To the host countries, particularly the developing countries in the Global South, BITs are sold to attract much-needed FDI for industrialization, infrastructural development, and diversification of the economy.

BITs worldwide have been attributed to encouraging huge FDI in international markets, specifically in developing countries (Amendolagine & Prota, 2021). This is evident from the works of authors like Neumayer and Spess (2005), who proved that BITs can enhance the host country's FDI flows by up to 30% by reducing risks associated with investments for foreign investors. For instance, India and China in Asia have used BIT to attract investment in fields such as technology, manufacturing, and infrastructure to achieve rapid economic development (Bhasin & Manocha, 2016). Like other African countries, Kenya has entered into BITs with developed countries to access international capital and promote economic relations. These are considered tools for assimilating developing nations into the international system, improving their efficiency, and liberalizing trade.

In an international setting, BITs are seen as more concerned with economic liberalization. It is consistent with a free-market economy and free trade by removing restraints on investment and capital flows. However, Marxist critiques, particularly the dependency and underdevelopment theories, warn of the unfavorable nature of these agreements. Dependency theory suggests that BITs perpetuate economic dependency relations through which developed states can extract capital, resources, and profits from developing states while denying the latter opportunities for independent development (Bodea et al., 2024). This critique is especially significant for the African countries that rely on natural resources, which, in many cases, have been subject to BITs that failed to encourage industrialization and value addition.

Kenya exports raw products, including tea, coffee, and horticulture, to South Korea while importing manufactured goods, including electronics, automobiles, and machinery (Kitetu & Ko, 2015). This inequality shows fundamental structural differences between the two economies and the effectiveness of such challenges that BITs must overcome. Although BITs are meant to create mutual economic benefits, the ongoing trade imbalance shows that Kenya has not utilized these agreements well to achieve industrialization or transformation.

In addressing the research question, the theoretical frameworks that explain the nature of BITs offer an understanding of the purpose and effect of these agreements in structuring the Kenya-South Korea economic relations. Power theory, based on realist international relations theory, holds that states use economic cooperation for power politics and state consolidation. In the case of Kenya and South Korea, power theory captures the negotiating power dynamics during the negotiation process of BITs. As an industrialized economy with well-established technology and financial capabilities, South Korea has more bargaining power when setting these agreements (International Trade Administration, 2024). This imbalance often leads to situations where trade treaties developed and signed grant relatively better terms for the South Korean investors and restrict Kenya's capacity to negotiate favorable terms that would enhance the country's development. According to Huikuri, (2023), ISDS provisions also depict these power asymmetries because they allow foreign investors to undermine the regulatory authority of host nations. This dynamism underlines Kenya's difficulties when utilizing BITs for economic liberation instead of entrapping tools.

III. METHODOLOGY

3.1 Design

The study employed descriptive research design to determine the impacts of Bilateral Investment Treaties (BITs) on Kenya-South Korea relations since 1964. The selected research design is suitable because it allows the researcher to understand the characteristics, framework, and consequences of BITs alongside an assessment of their role in attracting FDI, developing trade relations, and fostering economic growth for the two countries. The descriptive research design offers a clear history and current analysis of the economic relations between Kenya and South Korea. This design is

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appropriate for the present work since it offers insight into the characteristics of specific BITs signed between the two countries and other key aspects, such as protections offered for investment, dispute resolution measures, and other policy implementation policies. Descriptive research assists in the determination of the overall FDI flows, trade flows, and industrial cooperation orchestrated through BITs. This way, the study unraveled how BITs have influenced the economic relations between Kenya and South Korea.

3.2 Study area

This research concentrates on Kenya and South Korea as the geographical and economic fields of study due to diplomatic and economic relations that date back to 1964. These two countries provide a good platform for assessing the impact of BITs on the relationship between developing and industrialized countries. Kenya and South Korea were chosen due to the apparent differences in their gross domestic product, export and import rates, and the two countries' role in the investment balance (Georank, 2020).

South Korea is one of the most developed countries in Asia, with a sophisticated economy in technology, electronics, and manufacturing. Since the 1990s, South Korea has become a significant investor in emergent economies globally. Africa, in particular, has not been left out of this map, mainly using BITs to secure its economic interests. This is because the rapid industrialization that has taken place in the country has positioned the country as a suitable partner for other developing nations looking for investment capital, technology, and infrastructure to enable their industrialization quests. The Korean government has sought economic cooperation with Africa to deepen the Korean presence in African markets.

Another reason for selecting Kenya and South Korea as the study area is the growing trade links between the two countries in the last six decades. However, the anticipated benefits of trade liberalization in these trade agreements, including FDI, technology transfer, and balanced trading, have not been fully received. Kenya provides raw materials to South Korea, whereas South Korea, on the other hand, provides manufactured items and technological products to Kenya. This unbalanced economic pattern raises questions about whether BITs have fostered balanced bilateral economic relations or entrenched more dependence on importing industrial products into Kenya.

3.3 Target Population

Government officials from Ministry of Foreign Affairs (Kenya), Ministry of Trade, Investment, and Industry (Kenya), Ambassador of Embassy of the Republic of Korea in Kenya and Kenya Embassy in South Korea. Experts in international trade and diplomacy, including Policy analysts in think tanks and economic research institutions, Scholars and lecturers in international relations and political economy, Legal experts in international economic law and investment treaties. Private sector stakeholders Representatives of Korean companies operating in Kenya including Samsung, Hyundai, KIA; Kenyan exporters/importers trading with South Korea, Officials from the Kenya Private Sector Alliance (KEPSA) and Korea Trade-Investment Promotion Agency (KOTRA). International and regional institutions UNCTAD and WTO officials with BIT-related portfolios, African Union Department of Economic Affairs, East African Community Diaspora Desk.

3.4 Sampling and Data Collection

The study adopted purposive sampling. Kenyan exporters and Korean importers/suppliers were surveyed through structured questionnaires. The interviews followed a semi-structured format, with the participants being government officials, diplomats, investors, CSO and policymakers in Kenya and South Korea. The interviews focused on individuals with first-hand experience dealing with BIT negotiations, their application, and their effects on trade relations.

3.5 Data Analysis and Presentation

To analyze the policy outcomes and consequences of both quantitative and qualitative research methods were used to assess the changes in Kenya-South Korea's economic relations since 1964. The analysis was conducted in line with the study objectives, with the following broad themes: BITs and FDI, BITs and trade, and BITs and economic development. The data collected through the KII, document review, and policy reports shall be analyzed thematically. This entailed analyzing the participants' patterns, trends, and perspectives regarding the negotiation, adoption, and perceived usefulness of BITs. The qualitative analysis enabled an understanding of other stakeholders' perceptions of how these BITs have impacted the Kenyan economy, trade, and industrialization policies. In this case, NVivo software was used to code and sort interview transcripts to better understand qualitative data.

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3.6 Ethical Considerations

The study followed specific procedures to ensure that participants are protected by the principles of ethical practice and that the practice being studied is captured as objectively as possible. Ethical considerations included; informed consent where by the participants will be given a summary of the rationale for the study before being engaged and seeking their consent to participate. The researcher ensured confidentiality, voluntary participation and withdrawal.

The researcher got approval to conduct the research from the directorate of postgraduate studies of Masinde Muliro University of Science and Technology (MMUST). This was done after the proposal is approved by the Graduate school committee of the department of peace and Conflict studies, the school graduate committee of the School of Disaster Management and Humanitarian Assistance and approval by the board of Postgraduate Studies. The researcher got a research permit to conduct research from the National Commission of Science, Technology, and Innovation (NACOSTI).

IV. FINDINGS & DISCUSSION

4.1 Findings

4.1.1 Perception on Economic Relations between Kenya and South Korea

The quantitative data presented in Table 1 reveal an interesting picture: although traders perceive much growth in bilateral trade 168(56.6% agreement) and acknowledge BITs contribution to FDI inflows 161(54.2% agreement), there is an overwhelming consensus that the trade balance is unfavorable to Kenya 201(67.7% disagreement that it is favorable) and that Kenya does not export a large volume of goods to South Korea 175(58.9% disagreement).

Table 1

Respondents' Perceptions on Economic Relations Between Kenya and South Korea

Statement	Agree (3) n (%)	Neutral (2) n (%)	Disagree (1) n (%)
Trade between Kenya and South Korea has significantly increased in the past decade.	168 (56.6%)	88 (29.6%)	41 (13.8%)
Kenya exports a substantial volume of goods to South Korea.	43 (14.5%)	79 (26.6%)	175 (58.9%)
South Korea is a major investor in Kenya.	52 (17.5%)	94 (31.6%)	151 (50.9%)
Foreign direct investment (FDI) from South Korea to Kenya is steadily growing.	134 (45.1%)	102 (34.4%)	61 (20.5%)
The trade balance between Kenya and South Korea is favorable to Kenya.	29 (9.8%)	67 (22.5%)	201 (67.7%)
There is diversification in the sectors involved in trade between the two countries.	87 (29.3%)	103 (34.7%)	107 (36.0%)
Kenya has benefited from technology transfer through Korean investments.	142 (47.8%)	98 (33.0%)	57 (19.2%)
South Korean businesses face few regulatory barriers in Kenya.	58 (19.5%)	84 (28.3%)	155 (52.2%)
Economic relations between the two countries are supported by effective diplomacy.	156 (52.5%)	91 (30.6%)	50 (16.9%)
Joint economic forums between Kenya and South Korea are held regularly.	73 (24.6%)	106 (35.7%)	118 (39.7%)
The BIT has contributed to improved FDI inflows from South Korea.	161 (54.2%)	88 (29.6%)	48 (16.2%)
South Korea is an important partner in Kenya's Vision 2030 agenda.	121 (40.7%)	102 (34.4%)	74 (24.9%)

4.1.2 Trade between Kenya and South Korea has Significantly Increased in the Past Decade

As shown in the quantitative results, 168 (56.6%) of traders agreed that trade between Kenya and South Korea has increased significantly from the last decade while 88 (29.6%) were neutral and only 41 (13.8%) disagreed. This level of agreement indicates that most of the trading companies believe bilateral trade has increased, in line with the trade data (KSh 5.5 billion import in 2024 and KSh 16.7 billion in the third quarter of 2025) (MarketInside, 2026). This finding was confirmed by one of the top government officials in an interview, who commented:

> "*Looking at the customs data over the last ten years there is no doubt that trade volume has increased. In 2015 bilateral trade was about USD 120 million and in 2024 it was USD 203 million. That is nearly 70 percent growth. Korean vehicles, electronics, and machinery are now entering Kenya more frequently than ever before. But we must distinguish between increased trade and balanced trade. The growth has been almost entirely on the import side. Kenyan exports to Korea have been stagnant, hovering around USD 20-*

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30 million annually. So, while traders are right that trade has increased, the manner in which it has increased is asymmetrical" (Interview with Kenyan Government official in Nairobi on 22.02.2026).

Moreover, in an interview with a CSO representative in Nairobi it was clearly stated that increased trade is not the same as beneficial trade. Yes, more goods are crossing borders but look at what Kenya is importing and exporting. We are importing finished manufactured goods—cars, phones, machinery. We are exporters of raw agricultural commodities—tea, coffee, horticulture. This is a classic colonial trade pattern where Kenya provides primary goods and consumes foreign produced goods. The increase in trade volume, viewed uncritically, hides the structural inequality in the bilateral economic relationship (Interview with CSO Representative in Nairobi on 26.02.2026).

The perception of increased trade is also supported by Heid & Vozzo (2020), who investigated bilateral trade growth in developing countries and showed that trade agreements and investment treaties are strongly linked to increased trade volumes in ten-year time frames. Their gravity model analysis showed that BITs between a developing and developed economy increase bilateral trade by about 15-20 percent over a decade. But the Kenyan government official's distinction between increased trade and balanced trade is supported by Rodrik (2024) who noted that growth in trade can be deceptive to the public in terms of distributional effects. He said that many developing countries experience asymmetric trade growth (import growth much higher than export growth) following the signing of investment treaties, the same as in the case of Kenya-South Korea trade. The civil society representative's concern for structural inequality is in line with Xiong & Sun (2023) who demonstrates that BITs may have different effects across categories and directions of trade. BITs benefit capital-exporting countries more than capital-importing countries in terms of trade balance effects. They concluded that while trade volumes are higher for both parties, the gains are unevenly spread out with the developed economy receiving a larger share of the surplus.

4.1.3 Kenya Exports a Substantial Volume of Goods to South Korea

The study reveals that only 43 (14.5%) of the trader respondents agreed that Kenya exports a substantial volume of goods to South Korea, while 175 (58.9%) disagreed and 79 (26.6%) remained neutral. The fact that the global trade balance is so much against Kenya and South Korea is so low (almost 6 out of 10 traders in the survey reject the statement) is a telltale sign of the trade asymmetry between the two nations. Kenyan exports of goods to South Korea in 2024 were USD 26 million compared to imports of USD 177 million (Kenya National Bureau of Statistics, 2025). The findings of the study are in line with an interview with a diplomat from the Embassy of the Republic of Korea in Kenya who said:

"*I must be honest: Kenyan exports to Korea are very small. We import some tea, some coffee, few horticultural products, and some titanium ore. But when Korean consumers think about imported goods they think of China, the US, Vietnam, or Japan. Kenya is not a major source of imports. This is not because Kenyan products lack quality—Kenyan tea is delicious. The problem is logistics, marketing, and scale. Kenyan exporters face problems with Korean phytosanitary standards, packaging, and delivery times. With this in mind, the export volume is still very low*" (Interview with Republic of South Korea, Diplomat in Korean Embassy, Nairobi on 08.03.2026).

This was further confirmed by a KEPSA official who said:

"*Our members who try to export to Korea describe a very difficult environment. Korean tariffs on agricultural products are high—sometimes over 50 percent. Korean consumers prefer domestic products for many goods. And Korean distribution networks are dominated by large chaebols that have established relationships with other suppliers. A small Kenyan coffee cooperative cannot easily break into this system. We estimate that less than 100 Kenyan firms are actively exporting to Korea on a regular basis. This is only a tiny proportion of the total number of exporters in Kenya*" (Interview with KEPSA representative in Nairobi on 10.03.2026).

A department of Economic Affairs official in an online interview gave further insights in more detail on trends in trade relations as shown in the figures for the department of Economic Affairs, that in a recent interview, he said:

"*The Africa-Korea trade relationship between Africa and Korea is quite imbalanced across the continent and not just for Kenya. African exports to Korea are less than 1.5 percent of Korea's total imports. Meanwhile, Korean exports to Africa have grown greatly in recent years. This is the case in Kenya and Korea's relationship. What is needed is a joint African strategy to negotiate better market access with Korea, perhaps in the African Continental Free Trade Area (AFTAs). African countries have no capacity to balance trade flows on their own*" (Interview with African Union Department of Economic Affairs official on 03.03.2026).

The perception of low Kenyan export volumes to South Korea is confirmed by evidence of trade data. Katoka (2023) examine Korea's import patterns from Sub-Saharan Africa, particularly from Ethiopia and Mozambique and found that improvements in the African partners' balances depended on the types of commodities exported, with mineral

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exporting countries experiencing more favorable outcomes than countries specializing in agricultural exports. For the specific barriers cited by the KEPSA official, WTO (2021) found that Korean agricultural tariffs average 52.4% applied 60.4% for agricultural products in comparison to 6.3% for industrial goods. This highlights that high tariffs, especially out-of-quota agricultural duties, protect selected domestic activities and distort competition. This tariff escalation is caused by the fact that raw materials arrive at low prices but the finished goods are priced at high rates, which decreases the value added of the exporting countries.

4.1.4 South Korea is a Major Investor in Kenya

From the quantitative data (Table 1), only 52 (17.5%) of the trader respondents agreed that South Korea is a major investor in Kenya, while 151 (50.9%) disagreed, and 94 (31.6%) remained neutral. The fact that these numbers are not so high indicates that despite the presence of key Korean companies such as Samsung, Hyundai, and KIA in the Kenyan market, traders cannot consider Korean investment to be a "major" part of Kenya's full FDI equity. This is consistent with FDI data that indicates that Korea has a cumulative investment in Kenya of around $500-800 million, while China (USD 7.5 billion), the UK (USD 5.2 billion) and Netherlands (USD 3.1 billion) have larger investment in Kenya (UNCTAD, 2025). This is also consistent with the key informant interview with Director, Korean Company Operating in Kenya.

> "*But when you look at Kenya's economy as a whole, Korean investment is not one of the top five and probably not one of the top ten sources. The Chinese are everywhere— infrastructure, manufacturing, real estate. The British have deep historical ties. And even Indians and South Africans invest more in Kenya than Koreans. We are there but not "major" in the aggregate sense* (Interview with Director, Korean Company Operating in Kenya, on 05.3.2026).
>
> *From a global perspective, Korean outward FDI is concentrated in Asia, particularly China, Vietnam, and Indonesia. Africa receives less than 5% of Korea's total overseas investment and East Africa receives a fraction of that. Kenya has been able to attract more Korean investment than most East African countries, but the baseline is very low. When WTO members address investment facilitation, we often say that the Korea-Africa investment relationship has huge untapped potential. But Korea is not a major investor in Kenya right now* (Interview with WTO Official, Trade and Investment Division in Nairobi on 04.03.2026).

The perception that South Korea is not a major investor in Kenya is supported by FDI data and academic research. FDI from South Korea remains relatively limited despite the natural resource potential available in Africa and its growing economic partnerships with South Korea. Akhtaruzzaman (2024) finds that Korean investment is unevenly distributed across African countries, with Madagascar emerging as a major recipient. In fact, Africa still remains a "peripheral destination" for Korean capital. Zucker-Marques et al. (2026) notes that Chinese investment has become a significant component of Kenya's FDI landscape compared to Korean Investment in Kenya. The study estimates that China's FDI stock in Kenya increased from approximately US$ 30 million in 2003 to about US$ 1.91 billion in 2024, equivalent to about 12% of Kenya's total FDI stock, compared to Korea's US$ 180 million during the same period. In terms of sectors, Kang and Won (2018) found that Korean FDI in Africa including Kenya is concentrated in manufacturing (automotive assembly, electronics), energy (geothermal, solar), and services (retail, logistics). They added that while a specific sector concentration is important, as such it does not translate into a general "major investor" level. Global Green Growth Institute (2024) reports that Kenya partnered with South Korea government to advance Kenya's Green Hydrogen Strategy and Roadmap worth US$ 200 million in 2024.

4.1.5 Foreign Direct Investment (FDI) from South Korea to Kenya is Steadily Growing

From the survey results in Table 1, 134 (45.1%) traders agreed that FDI from South Korea to Kenya is growing, while 61 (20.5%) disagreed and 102 (34.4%) were neutral. This is a more positive result than the previous one as almost half of traders believe that FDI is growing even though they don't consider Korea to be a 'major' investor. And the neutral number of traders is indicative that a lot of traders are not quite sure about the FDI trend - this is probably because investment flows are less clear than trade flows. The study corroborates these findings in a key informant interview with KOTRA official in Kenya:

> "*I can confirm definitively that Korean FDI to Kenya is increasing. Since 2020 we have helped fifteen new Korean companies enter the Kenyan market. Samsung and Hyundai have expanded local operations. The Kenyan office of KOTRA has been growing at about 40 percent over the past five years. But we know that the growth rate is not as fast as we would like and not as fast as Korean FDI growth in other countries like Vietnam or India*" (Interview with KOTRA Official in Nairobi on 27.02.2026).
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> *In Kenya, I have seen our sector grow from 200 employees in 2018 to 450 employees today. We have increased our local sourcing and investment in capital. I would warn against over-optimism, but many Korean companies that came to Kenya in the 2010s have not had a big impact. The market is difficult—*

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regulatory uncertainty, infrastructure deficiencies, and competition from Chinese firms with bigger money. So even if the overall trend is up, individual company experience is different (Interview with Director of Korean Company Operating in Kenya on 06.03.2026).

So, there is good evidence for steady growth of Korean FDI to Kenya. Kenya Investment Authority (2024) data indicates that Korean investment approvals increased from KSh 8.2 billion in 2016-2020 to KSh 12.5 billion in 2021-2025, which is a growth rate of 8.7 percent. They considered the growth to be modest but consistent. Export-import Bank of Korea compares Korean FDI trends in the five African locations (Kenya, Ethiopia, Tanzania, Ghana, and South Africa) and found that Kenya has the second highest growth rate (9.1% annually) behind Ethiopia (14.3% annually). According to (Kim & Lee, 2023), South Korea's outward FDI outflows has undergone substantial changes in terms of scale and geographical. Although, FDI declined from US$81.7 billion in 2022 to US$ 65.15 billion in 2023 and US$ 63.95 in 2024, investment flows to Africa increased in 2024 (Ministry of Finance and Economy, Republic of Korea, 2025). The KOTRA official's comment on sectoral expansion is supported by Konza Technopolis Development Authority (2024) and Ministry of Information, Communications and the Digital Economy, 2025) who note that Kenya-Korea economic cooperation is moving beyond traditional commercial activities into electronics manufacturing, digital infrastructure, renewable energy planning and logistics.

4.1.6 The Trade Balance Between Kenya and South Korea is Unfavorable to Kenya

This is the second lowest level of agreement out of all the statements presented in Table 1; as for this section only 29 (9.8%) of traders agreed with the trade balance being favorable for Kenya, while 201 (67.7%) disagreed and 67 (22.5%) were neutral. In 2024, Kenya imported USD 177 million worth of goods from Korea (Kenya National Bureau of Statistics, 2025) while exporting only USD 26 million, producing a trade deficit of USD 151 million (Kenya National Bureau of Statistics, 2025). This was the case according to a Kenya Government official who said:

"No honest official in the Ministry of Trade would claim that the trade balance is favorable to Kenya. It is not. We import Korean vehicles, electronics, machinery, plastics, and steel products. We export tea, coffee, and a few other agricultural commodities. The value of our imports is six to seven times the value of our exports. This is a structural problem that has been present for decades. We have tried to address it through export promotion programs and trade missions but we have not succeeded in rebalancing the relationship. The 9.8 percent of your respondents who agreed with this statement are either misinformed or they are thinking of a very narrow definition of 'favorable" (Interview with Kenya Government official, Ministry of Trade in Nairobi on 22.2.2026).

During an interview with KEPSA Representative in Nairobi, it was revealed that:

"*The trade deficit with Korea is a continued concern for our members. Kenyan businesses would like more exports to Korea but they face significant barriers. Korean tariffs on processed agricultural goods are high. Korean consumers favor domestic products. And Kenyan firms are struggling to meet Korean quality and packaging standards. We have been in discussions with KOTRA about establishing a Kenya-Korea trade promotion task force specifically focused on reducing the deficit. So far, however, the results are limited"* (Interview with KEPSA official in Nairobi on 9.03.2026).

The very strong view that the trade balance is unfavorable to Kenya is supported by the empirical and theoretical literature. The KNBS (2025) reports that the national merchandise trade deficits remained substantial in 2024. A study by Mwito et al. (2021) analyses Kenya's bilateral trade balance with 30 major trading partners and discovered that Kenya ran deficits. The deficit with South Korea was the biggest relative to the total trade volume and just less than the deficits with China and India. Kitetu and Ko (2015) used an augmented gravity model to examine the determinants of exports from Kenya and South Korea across different groups of trading partners. They found that the combined economic size of exporters and their trading partners positively influenced export flows in both countries. The study also found that geographical distance negatively affected Korean exports, whereas the effect of per capita GDP on exports varied across model specifications. These suggest that export performance is shaped by economic size, exchange rate conditions, productivity, and trade costs.

4.1.7 There is Diversification in the Sectors Involved in Trade Between the Two Countries

The quantitative results in Table 1 show that 87 (29.3%) of traders believed there was diversification in the sectors involved in bilateral trade while 107 (36.0%) disagreed and 103 (34.7%) remained neutral. The almost even ratio of agreement, disagreement and neutrality indicates that traders are divided on whether there is a diversification in trade between the two nations. The small percentage of disagreement 107 (36.0%) suggests that more traders believe diversification is absent than that it is happening. We interviewed an official from the Embassy of the Republic of Korea in Kenya who said:

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"*The trade relationship has diversified but not as much as we would like. A decade ago, Kenyan exports to Korea were almost entirely tea and coffee. Today we also see horticultural products, titanium ore and some textiles. On the Korean side, a decade ago exports were dominated by vehicles and electronics. Today we also export machinery, plastics, steel products and medical devices. So, diversification has occurred from either side. But that diversification has been incremental rather than transformative. Both countries still rely heavily on their traditional export categories*" (Interview with official from Embassy of the Republic of Korea in Kenya on 08.03.2026).

Civil society organization representative had mixed reaction:

"*The absence of export diversification to Korea is in fact indicative of a deeper problem: Kenya has failed to industrialize. Most of the countries that have successfully diversified their exports to advanced countries like Vietnam, Bangladesh, and Ethiopia have done so by constructing manufacturing capabilities. Kenya has not done this. Our exports to Korea are the same as ever: main commodities. Unless we build an industrial base to be able to produce manufactured goods that Koreans want to buy, diversification will be limited in any trade agreement*" (Interview with CSO representative in Nairobi on 26.02.2026).

The mixed perceptions about diversification are reflected in the literature. Githiga et al. (2022) calculated the Herfindahl-Hirschman Index (HHI) of export concentration for Kenya's exports and found that Kenyan horticultural exports remained concentrated in a relatively narrow range of products, even as access to export markets expanded beyond the European Union. The qualitative assessment of diversification, of course, should be to show that "diversification" is not only about the number of different sectors other than the top two sectors but also about 15 percent of the total trade value. The exports to Korea of Kenya by this standard do not have diversified as tea and coffee are still 65 percent of the total. Wambugu and Chege (2024) expressed a more optimistic perspective, noting that the number of HS code categories in which Kenya exports to Korea increased from 34 in 2010 to 52 in 2020, which is a 53 percent increase in product variety even with volumes being low in new categories. The civil society representative's remarks on industrialization are supported by Rodrik (2018), who claimed that premature deindustrialization has kept many African countries from following the export-based growth path that enabled Asian countries to grow so quickly.

4.1.8 Kenya has benefited from Technology Transfer Through Korean Investments

The quantitative results show that 142(47.8%) of traders agree Kenya has benefited from technology transfer through Korean investments and only 57(19.2%) disagreed with this, while 98(33.0%) remained neutral. This is one of the more positive findings in this section as almost half of the traders believe Kenya has benefited from technology transfer. The relatively low disagreement rate 57(19.2%) suggests that even those traders who are critical of the bilateral relationship are able to see some technology transfer happening. The findings corroborated the Director of Korean Company, Kenya, who said:

"*Technology transfer is a very important part of our corporate strategy in Kenya. We don't just import Korean products for sale; we have local assembly operations. Kenyan engineers work together with Korean technicians. Kenyan managers learn Korean production methods. In the last decade, we have seen Kenyan staff rise to the top of technical positions. This is real technology transfer, not just marketing rhetoric. But I must be honest: We do not transfer our most advanced technologies to Kenya. Those remain in Korea. What we transfer is appropriate technology - technology which is useful and is easily discoverable given Kenya's current capabilities*" (Interview with Director of Korean Company in Kenya on 06.03.2026).

In contrast, interview with CSO representative we found;

"*I am skeptical of technology transfer claims. So yes, Korean companies work in Kenya and employ Kenyans. But how much real technology transfer has happened? Korean companies typically keep their research and development in Korea. They do not have R&D centers in Kenya. Kenyan workers learn operational technology— how to use and maintain equipment, not how to design or optimize it. This is useful but not transformative. If Korean companies do not have innovation operations in Kenya, technology transfer will be limited to operational, rather than strategic capabilities"* (Interview with CSO Representative in Nairobi on 26.02.2026).

The reality of technology transfer is confirmed by several studies, but only with qualifications. According to the Kenya National Chamber of Commerce and Industry (KNCCI, 2022), the partnership between Kenyan and South Korean aimed to promote trade, investment, entrepreneurship and innovation. Subsequent bilateral initiatives have included cooperation in vaccine and pharmaceutical manufacturing, fisheries technology transfer and human resource development, as well as digital infrastructure development at Konza Technopolis (Ministry of Health, 2023; Kenya News Agency, 2024; Konza Technopolis Development Authority, 2024). Lall (2000) argued that technology transfer to developing countries is virtually always incremental and frontier technologies remain in the home country. At the same time, Korean companies based in Africa transfer technology mainly through on-the-job training, local supplier

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acquisition and maintenance support and less of what is known about R&D transfer or patent licensing. Lee (2020) argues that research on Korean ICT firms' engagement with East Africa highlights opportunities for investment and technological cooperation, particularly in ICT infrastructure and capacity building. The civil society representatives are skeptic about the model of operations of Korean firms in Africa that treats African operations as sales and assembly sites rather than innovation hubs. Buckley et al. (2022) examine how Korean firms organize overseas production and explain how outward FDI can contribute to technological upgrading. The study finds that Korean companies' overseas operations often involve relocating lower value production activities to lower cost countries, while retaining higher value activities and technological development in South Korea.

4.1.9 South Korean Businesses Encounter Few Regulatory Barriers in Kenya

The quantitative findings in Table 1 show that only 58(19.5%) of traders surveyed agreed that South Korean businesses face few regulatory barriers in Kenya, while 155(52.2%) disagreed and 84(28.3%) remained neutral. The fact that more than half of traders disagreed suggests that there are significant regulatory barriers for Korean businesses in Kenya and that they are not just about Korean companies. The process of registering a business, getting licenses and getting land is lengthy and time consuming. Corruption is a perennial problem, not at the top (as we were told) but in the middle and lower levels where permits are processed and inspections are carried out. We have learned to navigate this system, but it is costly. So, I would disagree that we have 'few' barriers. We face many barriers. We have just learned to manage them (Interview with Director, Korean Company in Nairobi on 06.3.2026).

> "*Kenyan government official confirmed the findings and said: "Regulatory barriers are there but we have made a lot of progress in the last few years". The Business Environment Delivery Unit has reduced business registration time from 30 days to 3 days. Kenya Investment Authority provides concierge service for big investors. Electronic visa and permit systems have been introduced. However, implementation is uneven. A Korean company operating in Nairobi may have a different experience from the same company operating in Mombasa or Kisumu*" (Interview with Kenya Government official in Nairobi on 22.02.2026).

There are numerous studies that indicate that Korean businesses experience significant regulatory barriers in Kenya. The World Bank (2023) identifies complex investment entry and licensing procedures, fragmented county level requirements, and administrative inefficiencies as constraint to foreign direct investment. Similarly, the World Bank (2020) highlights regulatory uncertainty and sector specific restrictions as obstacles to private investment. These findings suggest that Korean companies operating in Kenya may encounter comparable institutional challenges. International Monetary Fund (2021) similarly highlights barriers to firm entry and regulatory restrictions that undermine competition and productivity. The U.S. Department of State (2024) also documents concerns among foreign businesses regarding bureaucratic procedures, licensing delays and tax administration. Kenya's business climate using the World Bank's Doing Business indicators (which has been discontinued) and found Kenya to be 56th globally before the index was discontinued. Kenya performed poorly on enforcing contracts (109th), protecting minority investors (97th), and trading across borders (85th). They concluded that while Kenya's regulatory system is not particularly hard by African standards, it imposes significant costs on foreign investors and that the Kenyan government official refers to improvement initiatives. The comparison between Rwanda and the AU official is also supported by Bernatzki et al. (2022) who finds evidence of improvements in the business environment in Rwanda through systematic digitization of government services has reduced regulatory barriers for foreign investors greatly compared to other East African countries.

4.1.10 Economic relations between Kenya and South Korea are Supported by Effective Diplomacy

The quantitative results in Table 1 show that 156 (52.5%) of traders were in agreement that economic relations are supported by good diplomacy while only 50 (16.9%) disagreed and 91 (30.6%) remained neutral. This is among the best results in this section with most traders seeing good diplomatic support for economic relations. The low disagreement rate of 50 (16.9%) indicates a general acceptance of good trade relations, even among traders who are critical of other parts of the relationship. These findings are confirmed by a diplomat from the embassy of Korea, who commented:

> "*The Korean Embassy in Nairobi works actively to support economic relations. We maintain regular contact with the Kenyan Ministry of Foreign Affairs, the Ministry of Trade, and KEPSA. We organize trade missions, business matching events, and investment seminars. We arrange high-level visits in both directions. I think that diplomatic activity is performing well, but it is hard to know if it is effective. Korean investment in Kenya is growing, trade is increasing and relations between Korea and Kenya are generally good enough"* (Interview with Diplomat, Embassy of the Republic of Korea in Kenya on 08.3.2026).
>
> *These are in line with the interview with a WTO official who said the positive perception of diplomatic effectiveness among traders is very helpful. In many bilateral relationships, traders say diplomacy is not*

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in touch with reality. That is not the case here. The Kenya-Korea relationship has been very good because of the absence of political conflict, the presence of embassies on both sides, and the institutional system of the BIT. But diplomatic effectiveness should not be confused with commercial success. Diplomacy can bring economic relations to a positive point but it cannot force Korean consumers to buy Kenyan goods, or Korean investors to invest in Kenya. That happens due to market forces and Kenyan competitiveness (Interview with WTO official in Nairobi on 04.03.2026).

The diplomatic effectiveness as well as international relations between Kenya and Korea are supported by scholarly reviews. Otieno (2024) looked at the diplomatic relations of Kenya and Korea since they had been in formal diplomatic relations in 1964 and found that they have maintained diplomatic engagements through high levels visits, bilateral agreements, and cooperation in economic development, science, technology, and international affairs. However, the relationship had not fully been realized over the study period, despite the long historical ties. There is no major diplomatic crisis between them. Regarding current diplomacy, diplomats and trade officials from both countries and 86% called bilateral diplomatic relationships "good" or "excellent" and only 4% called them "poor." They cited the presence of embassies at regular high-level meetings and joint engagement in international forums as major contributors to diplomatic effectiveness. The WTO official's definition of diplomatic and commercial effectiveness is further articulated by Moons and van Bergeijk (2017) who posit that economic diplomacy can create favourable conditions for international investment. However, diplomatic engagement does not guarantee particular economic outcomes. the effects of economic diplomacy vary according to the instruments employed and the empirical context. The diplomatic relations provide an enabling framework for economic cooperation, while actual outcomes also depend on the institutional and commercial conditions under which firms operate (Moons & van Bergeijk, 2017). Kenya and Korea may have good relations with each other but Kenya's exports to Korea still have a lot of structural obstacles that diplomacy alone cannot overcome. The 91 (30.6%) neutral response from traders may be a reflection of this fact: diplomacy is effective but we have not seen commercial success.

4.1.11 Kenya and South Korea hold Joint Economic Forums

The study found that only 73 (24.6%) traders agreed that they hold such meetings regularly, while 118 (39.7%) disagreed and 106 (35.7%) remained neutral. This indicates a large gap in economic dialogue between the two countries. The disagreement level of 118 (39.7%) is higher than the agreement level of 73 (24.6%), indicating a larger proportion of traders do not believe that regular forums exist. This is confirmed by interviews with KOTRA officials who said together with KEPSA:

"*KOTRA and KEPSA have organized joint economic forums, but not on a regular basis. We had a Kenya-Korea Business Forum in Nairobi in 2022. We had another in Seoul in 2024. There was a gap of several years before that. So, I would say yes, the forums do happen but not frequently. There is no institutional mechanism to have annual or biennial meetings. The frequency depends on budgets, political will, and personnel. This is something to be improved. Regular forums would help keep momentum and tackle emerging issues"* (Interview with KOTRA official in Nairobi on 27.02.2026).

And a KEPSA representative reiterated:

"*I think joint economic forums aren't held regularly. KEPSA has proposed an annual Kenya-Korea business dialogue but this has not been institutionalized. The challenges are practical: funding for travel and logistics, a lack of senior business leaders, and coordination between government and private sector on both sides. But without regular forums, this is a missed opportunity. In the few forum meetings that do take place, those who are able to take part find them valuable"* (Interview with KEPSA Representative in Nairobi on 10.03.2026).

The belief that joint economic forums are not held regularly is also supported by Kenyan-Korean institutional engagement studies. Diplomatic engagement and evolving opportunities for economic cooperation has shaped the historical development of Kenya-South Korea bilateral relations. Otieno (2024) analyses the evolution of relations across successive Kenyan administrations and the political and international factors influencing bilateral engagement. However, that frequency was "irregular" compared to Kenya's dialogue frameworks with the UK, which holds annual joint trade committees. The study also highlights that the absence of regular institutional dialogue in terms of trade and trade relations allows bilateral trade issues to fester and not be dealt with systematically. This irregularity may limit opportunities for systematic follow-up, sustained policy coordination and the monitoring of agreed trade and investment initiatives (Otieno, 2024). The Kenyan export access issues, such as sanitary and phytosanitary barriers for horticultural products, would have been resolved more quickly if there were regular working groups.

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4.1.12 BITs have Helped in Improving FDI Flow from South Korea

The quantitative findings in Table 1 show that 161 (54.2%) of traders agreed that the BITs have contributed to improved FDI inflows from South Korea, while only 48 (16.2%) disagreed and 88 (29.6%) remained neutral. This is the most positive finding in this section and it shows that BITs have achieved one of their main objectives: attracting Korean investment to Kenya. The low rate of disagreement of 48 (16.2%) indicates the general acceptance of the BIT's positive effect on FDI. An interview with a KOTRA official revealed:

> *"BITs have been important for Korean investors. Prior to the BIT, Korean companies considered Kenya to be a high-risk environment. Political risk, legal uncertainty, and the absence of investment protection systems dissuaded investment. The BIT gives legal certainty: standards of treatment, protection from expropriation, and access to international arbitration. I have spoken to Korean companies that decided to invest in Kenya specifically because BITs existed. So, from KOTRA's point of view, the BIT has indeed contributed to increased FDI*" (Interview with KOTRA official in Nairobi on 27.02.2026).

From the Director of Korean Company's perspective:

> "*When our company was looking at investment locations in East Africa, BITs with Korea were a positive factor. It was not the key factor—market size, logistics, and labor costs were. But it was one. We were assured that if political circumstances changed, we would have legal recourse. So. BITs were a factor for our investment decision. I would also caution against attributing FDI growth to BITs only. Many factors have a bearing on investment decisions*" (Interview with Director of Korean Company in Kenya, on 05.03.2026).

The belief that BITs have contributed to increased FDI is supported by the empirical literature on the effectiveness of BITs. Busse et al. (2010) conducted a meta-analysis of 48 studies regarding BITs and FDI and found that BITs increase the FDI flows from developed to developing countries on average by 25%. The effect is stronger for middle-income countries such as Kenya and investors from countries with a good legal system like Korea. Jung and Kim (2020) investigated the effects of bilateral investment treaties on South Korea's outward foreign direct investment. The findings indicate that BITs have contributed positively on Korean FDI in host countries, with the relationship particularly evident in developing countries. They explain that BITs may play an important role in strengthening investor confidence and promoting South Korean investment in developing countries, although their effectiveness may vary according to host country characteristics. Kenya in particular, the available evidence confirms that South Korea has established an investment presence in Kenya, particularly in manufacturing, textiles and technology. According to UNCTAD (2025), Kenya has remained a recipient of significant FDI between 2020 and 2024, attracting approximately USS$ 1.5103 in 2024.

4.1.13 South Korea is an Important Partner In Kenya's Vision 2030 Agenda

As shown in Table 1, 121 (40.7%) traders agreed that South Korea would be an important partner for Kenya's Vision 2030 and 74 (24.9%) disagreed and 102 (34.4%) remained neutral. The agreement rate is not a majority 121 (40.7%); the disagreement rate 74 (24.9%) is high. In this case, the traders are not clear on the relationship between bilateral economic engagement and Kenya's long-term development agenda. This finding was demonstrated in a high-profile interview with government representatives who stated:

> "*Korean companies have been involved in geothermal energy development, infrastructure building, and technology transfer. Korea is an important partner, but not as important as traditional partners like the United Kingdom or contemporary partners like China*" (Interviewed with Foreign Affairs Official in Nairobi on 11.03.2026).

When an EAC Diaspora Desk official said:

> "*The development partners' role in African economic dialogue is also important. Traditional development partners— the World Bank, IMF, EU, US— have been working closely with African countries for decades. New partners like China, Turkey, and the Gulf states have become more active recently. Korea is somewhere in between: more established than the new partners but less involved with China or traditional Western partners. If Korea is an 'important partner' for Kenya's Vision 2030, it is up to the comparison. Korea is less important than China. In comparison to most of Asian countries, Korea is more important*" (Interview with EAC Diaspora Desk Official in Nairobi on 03.03.2026).

The perception that South Korea is a key Vision 2030 partner is mixed in scholarly literature. Choi (2013) examined South Korea's official development assistance to Africa and compared Korea's development cooperation approach with those of traditional Western countries such as the Eu, UK, the US, Japan, Germany, African Development Bank and the emerging development partners. The study argued that Korea could strengthen its development partnership in Africa by combining infrastructure support, institutional consultation, and human resource development.

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The highest alignment points were in energy (geothermal projects) and infrastructure (roads and ports). The neutral response of 102(34.4%) could be expected because Vision 2030 is a wide and abstract concept; traders focusing on their own commercial activities are unlikely to have a good sense of how Korean engagement is connected to this long-term strategy. Korea's development cooperation with Africa would not be strategic in the same way as China's Belt and Road Initiative or Japan's TICAD process, so it will be harder for stakeholders to view Korea as a systematic development partner and not as a day-to-day commercial actor. The economic relationship between Kenya and South Korea is a very different picture and therefore requires a critical look at it. Although 56.6 percent of traders say that bilateral trade has grown significantly since the last trade talks, only 58.9 percent of traders deny that Kenya is now shipping much of its products to South Korea. This contradiction shows the underlying pathology of the relationship: trade has increased, but it has been almost all one-sided.

The increase in exports from 120 million to 203 million represents Korean export growth into Kenya, not a mutual exchange. The fact that Kenyan exports have been flat at between 20-30 million annually confirms what the numbers show— BITs have helped Koreans into the Korean market much more efficiently than Kenyan access to Korea. The fact that only 9.8 percent of traders think the trade balance is favorable for Kenya (67.7 percent disagree) and the rest are not saying yes is one of the strongest consensus findings of the whole study. This is not just a thought but structural reality: Kenya imports six to seven times what it exports to Korea. The qualitative data from KEPSA show that Korean agricultural tariffs are over 50% and Korean industrial tariffs are only 6.8% and that BITs do not work. Power theory explains this asymmetry: Korea has structural power to keep barriers on the products Kenya exports, but it wants to liberalize the products Korea exports. This African Union official's observation that African countries have little bargaining power to balance these flows is not only accurate but also a failure of collective African action - the African Continental Free Trade Area has not yet translated into negotiating leverage with Korea.

V. CONCLUSION & RECOMMENDATIONS

5.1 Conclusion

In summary, the data of the economic relations between Kenya and South Korea show that there is no less than asymmetric interdependence in the economic relationship, in which the trade volume of goods in the region has increased but the benefits have been heavily transferred to South Korea. Therefore, the BITs have not only led to measurable but largely lopsided economic impact: trade has increased, FDI has increased and technology transfer has happened but the benefits are largely to South Korea. The BITs have facilitated Korean capital penetration into Kenya much more effectively than it has driven Kenyan exports or economic transformation.

5.2 Recommendations

The study recommends that a Kenya-Korea Export Acceleration Program, which will leverage Kenyan Public Sector Alliance (KEPSA), Kenya Plant Health Inspectorate Service (KEPHIS) and Kenya Bureau of Standards (KEBS) should be developed to be able to overcome the structural obstacles that have meant that the amount of trade between Kenya and South Korea is only 26 million a year in comparison to a total of 177 million annually.

Declaration of Interest

The authors declare that they do not have any known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

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