

NATIONAL ASSEMBLY

OFFICIAL REPORT

Wednesday, 24th July 2019

The House met at 9.30 a.m.

*[The Deputy Speaker
(Hon. Moses Cheboi) in the Chair]*

PRAYERS

QUORUM

Hon. Deputy Speaker: Order, Members! We are just short of the required quorum. I, therefore, order that the bell be rung for 10 minutes.

(Quorum Bell was rung)

Order, Members! We now have quorum. Therefore, we will start business.

PAPER LAID

Hon. Aden Duale (Garissa Township, JP): Hon. Deputy Speaker, I beg to lay the following Paper on the Table of the House:

Report of the Auditor-General and the Financial Statements in respect of the following constituencies for the year ending 30th June 2018 and the certificate therein:

1. North Horr.
2. Bomet East.
3. Nyaribari Chache.
4. Kabuchai.
5. Igembe South.
6. Ruiru.
7. Kaloleni.
8. Kasarani.
9. Lari.
10. Kiambu.
11. Nyaribari Masaba.
12. South Mugirango.
13. North Mugirango.
14. Kitutu Chache South.
15. Suna West.
16. Mwatate.
17. Lang'ata.

18. Gatundu South.
19. Kiambaa, and
20. Likoni.

Hon. Deputy Speaker: Very well. Let us move on to the next Order – Questions. To start us off will be the Member for Konoin, Hon. Brighton Yegon.

ORDINARY QUESTIONS

Question No.330/2019

MEASURES TO GUARANTEE SECURITY IN THE COUNTRY

Hon. Leonard Yegon (Konoin, JP): Thank you very much, Hon. Deputy Speaker. I would like to ask Question No.330/2019. Pursuant to the provisions of Standing Order No. 42A(5), my Question goes to the Cabinet Secretary for Interior and Coordination of National Government:

- (i) What steps is the Ministry undertaking to guarantee security in densely populated suburbs in towns across the country?
- (ii) How effective...

(Technical hitch)

Hon. Deputy Speaker: It is now okay.

Hon. Leonard Yegon (Konoin, JP): I was asking whether we are safe.

- (i) How effective is the emergency Call Number 999 for use by persons in need of emergency security response?

(Technical hitch)

Hon. Deputy Speaker: You will have to go on record on that. You redo it.

Hon. Leonard Yegon (Konoin, JP): Thank you. I would like to ask Question No.330/2019. Pursuant to the provisions of Standing Order No. 42A (5), my Question goes to the Cabinet Secretary for Interior and Coordination of National Government.

- (i) What steps is the Ministry undertaking to guarantee security in densely populated suburbs in towns across the country?
- (ii) How effective is the emergency Call Number 999 for use by persons in need of emergency security response?
- (iii) What measures and facilities has the Ministry put in place to guarantee security for all in the country?

Hon. Deputy Speaker: Well. That one will be replied before the Departmental Committee on Administration and National Security.

We will move on to the next Question by the Member for Kanduyi, Hon. Wafula Wamunyinyi. Let us proceed to the next Question since I am not able to see him. He is not in for now.

*Question No.331/2019*CHALLENGES FACED BY PENSIONS DEPARTMENT
IN PROCESSING RETIREMENT BENEFITS*(Question deferred)**Question No.332/2019*COMPENSATION FOR LAND ACQUIRED
FOR CONSTRUCTION OF KABUNDE AIRSTRIP

Hon. Peter Kaluma (Homa Bay Town, ODM): Hon. Deputy Speaker, I beg to ask the Cabinet Secretary for Transport, Infrastructure, Housing, Urban Development and Public Works the following Question:

(i) What is the status of compensation for the land compulsorily acquired for the construction of Kabunde Airstrip in Homabay County?

(ii) What steps the Ministry is taking to ensure that the Airstrip is completed on time.

Hon. Deputy Speaker: That Question will be replied to before the Departmental Committee on Transport, Public Works and Housing.

Let us move on the next Question by the Member for Bomachoge Chache, Hon. Alfah Ondieki Miruka.

*Question No.337/2019*NUMBER OF HEAD TEACHERS INTERDICTED
BY TSC IN SOUTH MUGIRANGO

Hon. Alfah Ondieki (Bomachoge Chache, KNC): Hon. Deputy Speaker, I beg to ask the Chairperson of the Teachers Service Commission (TSC) the following Question:

(i) Could the Commission indicate the number of primary and secondary school head-teachers that have been interdicted by the Commission in the last three years in respect of schools in South Mugirango Constituency?

(ii) Were the teachers interdicted following the laid down procedures, including according each of them a fair hearing?

(iii) What steps is the Commission taking to ensure that the said teachers are reinstated to service within the stipulated timelines to mitigate against disruption of running of schools in the affected schools?

Hon. Deputy Speaker: That Question will be replied to via a written reply by the TSC. Hon. Timothy Wanyonyi is out on official function. So, he is not able to ask the next Question. I, therefore, defer it. The same applies to Question No.339/2019 by Nominated Member, Hon. Prof. Jacqueline Oduol. She sought permission to be away and she was granted. So, her Question will be deferred.

Question No.338/2019

COMPANIES OFFERING MOBILE-PHONE-BASED
MONEY LENDING PLATFORMS

(Question deferred)

Question No.339/2019

POLICY ON CULTURAL IDENTITY

(Question deferred)

Hon. Deputy Speaker: Next Order!

BILLS

First Readings

THE CONSTITUTION OF KENYA (AMENDMENT) BILL

THE LAND (AMENDMENT) BILL

THE BANKING (AMENDMENT) BILL

THE PARLIAMENTARY PENSIONS (AMENDMENT) (NO.2) BILL

THE PARLIAMENTARY PENSIONS (AMENDMENT) (NO.3) BILL

*(Orders for First Readings read – Read the First Time and ordered
to be referred to the relevant Departmental Committees)*

MOTION

MEASURES TO BRIDGE IMPORT/EXPORT TRADE DEFICIT

THAT, aware that Kenya's trade deficit has been on the increase in the past few years with the financial year 2016/2017 deficit being estimated at Kshs1.1 trillion; noting that, the deficit is mainly attributable to the exports worth Kshs594 billion against imports amounting to Kshs1.7 trillion, driven mainly by the more than doubling of food and machinery imports amid slow-moving exports; concerned that, the widening deficit has continued to pile pressure on the shilling against other global currencies such as the dollar; alarmed that, the high demand for the dollar to fund imports has been forcing the Central Bank of Kenya (CBK) to intervene, depleting foreign exchange reserves even as

the Country continues to incur foreign debts; cognisant that, the rising imports amplified by flat exports portends a difficult operating environment for local enterprises and farmers thereby denying Kenyans employment opportunities when locals lose out to foreign manufacturers and farmers; notwithstanding the effects of protectionism policies which contribute towards affecting local industries and farms abilities to compete in international markets; this House resolves that the Government urgently puts in place measures to bridge the huge trade deficit including by providing incentives to potential investors and farmers, supporting local production through promotion and protection of local industries and implementing competitive export promotion strategies.

(Hon. John Waluke on 19.6.2019)

*(Resumption of Debate interrupted on
19.6.2019 – Morning Sitting)*

Hon. Deputy Speaker: This is a Motion sponsored by Hon. Major (Rtd.) John Waluke. Only a few minutes were remaining. So, I am not so sure who is making a request to speak to it. Hon. Mbui, have you spoken on this one? Do you want to speak on it? I will have to pick from the interventions. Sorry, it is Hon. Waluke who had a balance of 13 minutes. Hon. Waluke, you have the Floor.

Hon. John Waluke (Sirisia, JP): Thank you, Hon. Deputy Speaker for giving me this chance. I beg to move the following Motion:

THAT, aware that Kenya's trade deficit has been on the increase in the past...

Hon. Deputy Speaker: Hon. Waluke, remember you had already moved this Motion and it is on record. What you need to do is to finalise. You have 13 minutes to go

Hon. John Waluke (Sirisia, JP): Thank you, Hon. Deputy Speaker. I want this House to know that the deficit has increased. Members should support this Motion because it is important. It is important to note that we pay a lot of money for food and machinery imports. We have slow movement of exports as a country. In 2018, this country's exports were worth Kshs612.9 million while imports were worth Kshs1.760 billion. The trade balance is negative Kshs114.7 billion. The account worsened to negative Kshs441.8 billion in 2018 from negative Kshs43.6 billion in 2016. We are spending more than we get from outside.

The overall balance of payment declined from 16.9 billion in 2017 to -105.8 billion in 2018. We are exporting jobs to the outside world, yet we have very many youth in this country who have completed universities and have no jobs. I am saying this because the export is low and we are importing too much, yet the country is not getting enough to repay our international debts. This is why I brought this Motion and I am urging my colleagues to support this Motion and to stand with the country at this time of need.

We also need to look for more markets to export to, in addition to the ones that we already have. There are very few countries that we have been exporting to and we have not been marketing to include new ones. There has also been importation of substandard goods which have flooded the Kenyan market. It is terrible that this country imports plastic fish from China while we have a lot of fish in Lake Victoria. It is only Uganda that is exporting fish from Migingo Island to Europe yet we know that Migingo Island is Kenyan land. I am, therefore, urging the Government to ensure that they build factories for fish in Lake Victoria because the

fish that we have in this country can feed this country and have excess to export. We have fish right from the ocean, Lake Victoria, Lake Turkana and Lake Naivasha, and the fish ponds that we have in our areas are enough to feed this country rather than importing plastic fish from China.

I want to thank President Uhuru and his Deputy for reviving RIVATEX. It is going to help our youth get some jobs. We want the Government to continue reviving many industries. Flooding the market with substandard goods has killed many industries in this country including the giant factories like Mumias Sugar Company, Nzoia Sugar Company and Muhoroni. We import too much sugar and kill our own industries.

President Magufuli in the last three years tried to revive everything in his country while we were watching. He led by example in Africa. When Kenyans exported chicks to Tanzania, he set them on fire. He did it himself as the President of that country. He ordered petrol, poured on them and set them on fire because he knew that Tanzanians can rear chicken instead of importing chicks from Kenya. When our cattle crossed over to Tanzania, they were auctioned. We have been lenient and kind while the deficit is increasing every day. We need to stand firm as a House and urge the Government that we need to reduce too much importation and give subsidies to our farmers. We are importing maize from Mexico and Uganda our neighboring country, yet if our people can be given subsidies, we shall not import food.

We have killed farmers like those from Tebere, Mwea Irrigation Scheme. If the people of Mwea can be given subsidies, we shall not import rice. As it is, we are importing rice from Egypt and many other countries to this country. We are also importing eggs from China and fabric from Dubai, Italy and Turkey. It is good that RIVATEX has been revived. I remember when I was in the military those days, our uniforms used to come from RIVATEX but in the recent past, we have been importing police and military uniforms from outside the country. Time has come for us, as country, to stand firm and urge the Government to ensure that factories are revived for the benefit of our youths. We are sitting on a time bomb. About a million youths have completed universities and colleges, and we are not taking care of them as a country. I saw the other day an actuarial science graduate who got First Class Honours say that he has been washing vehicles for the last five years. Time will come when, if the Government will not take of the youths... (*Technical hitch*)

As a country we need to analyse our needs, what we have and what we do not have. People cannot be importing goods in containers while our economy is going down. I think people in the Ministry are lying to the Government that the economy is doing well yet it is not.

Without wasting a lot of time, I want to call upon Hon. Chris Wamalwa, the incoming governor of Trans Nzoia, to second this Motion. Thank you.

Hon. Deputy Speaker: Who is your Secunder, Hon. Waluke, because I am not aware of that specific title you used? Oh, you are seconding, Hon. (Dr.) Wamalwa?

Hon. (Dr.) Chris Wamalwa (Kimini, FORD-K): Thank you, Hon. Deputy Speaker. I rise to second the Motion by Hon. Waluke on the measures the Government should put in place to bridge the trade deficit.

First and foremost, I want to thank Hon. Waluke for coming up with such a wonderful Motion. This country, as he clearly put it, is having a big problem in terms of trade balance. We must put measures in place to bridge the trade deficit. When it comes to matters of trade, there are basically two variables. We are talking about export and import. In this country, in value terms, whatever we import is in excess of Kshs1.7 trillion and what we export is only a mere

Kshs500 billion. So, the trade deficit in value terms is about Kshs1.1 trillion. This is very dangerous to the country.

I went through some research and I realised that about 60 per cent of the imports into this country come from China. This is where the country needs to focus. We must put structures in place that can help the business community in this country to export for purposes of foreign exchange earnings. We have a parastatal called the Export Promotion Council (EPC) and one of its core businesses is to help the local community, the small and medium enterprises to access the global market through trade fairs and exhibitions. We have big trade fairs in the world specifically in Europe, Asia and America. The EPC is supposed to organise SMEs to help them access the international market.

I also call upon the Ministry of Foreign Affairs and International Trade to come in. That is why it is given that title. The foreign policy of this country is now commercial. One of the responsibilities of ambassadors is to market their country. It is high time we measured the performance of our ambassadors based on how much business they have created for this country. We see many of them looking for more money to be given to their missions, but in value terms, the returns on investment cannot be accounted for. China is a communist country and everybody in China is looking for business so that they can create market for their production. This is a learning lesson that our ambassadors and high commissioners, wherever they are, should always look for market for our products to promote our exports.

When you talk about imports, we should not just import every Tom, Dick and Harry. In China, there are different categories of products. There is product segmentation. There are products for the higher market, the middle market and the lower market. When you look at the products with your naked eye, it is very difficult to tell the difference. But they will tell which product is for what market. They have done market segmentation. I think it is high time we also did the same in Kenya. When we want to take our products to the market, we should segment them so that we can know which one is for high market, middle market and lower market. The law of demand must be backed by capacity to purchase. You might want to drive a Mercedes Benz, but your pocket may not allow you to buy one. You will end up going for a Toyota. So when we produce our products, it is important for us to do market segmentation.

Secondly, the Jubilee Government has put measures in place before. We have the Uwezo Fund, the Youth Enterprise Fund and the Women Fund. Unfortunately, this money is not being used to promote business. There is corruption. In the last Parliament, we saw the Youth Enterprise Fund being misappropriated. So, corruption is killing every industry in this country. We know very well that many Chinese businesses here have been involved in corruption, but in their own country, corruption is not allowed. The Communist Party is in the forefront in the fight against corruption. In China, if you are found corrupt, they shoot you. But for their citizens who are in this country, corruption is being tolerated. We asked so many questions and we are yet to do a report, so that we can see why China is going very far.

I have gone to America, Europe and everywhere, but I have not seen any country that can beat China when it comes to infrastructure, particularly their roads and the belt system. They

have reached where they are because of the fight against corruption. In China, whether you are a tiger or a fish, it does not matter. I went to a place where I wanted to exchange dollars for the local currency and one of the bankers helped me out and told me that he could not take a tip. That is how China is. I think we should even stop giving tips because that institutionalises corruption. When you give a tip, somebody will give you better services.

(Technical hitch)

The business community produces their products, but they cannot meet the international standards. The Government should help SMEs to add value to their products. Once you add value, the product can compete in the international market. Many of our exports are agricultural products. We have been exporting coffee and tea. We produce very good tea, which is one of the best in the world. So, it is good for the Government to help farmers in value addition. Our exports will have higher value if we do value addition. We had the Africa Growth Opportunity Act (AGOA), where Americans were giving money to Kenyans so that we can take our products to America. They do value addition and then export it back to us. This is something that we must look into so that that we add value to whatever is being exported out of the country, so that we can bridge the trade deficit.

(Technical hitch)

We should not just stop at that memorandum on avocados. How I wish that we can identify farmers and give them some funding so that they can plant avocados and produce them in huge quantities. In this country, we import almost everything, even semen for heaven's sake. The other day my cow was on heat and...

Hon. Deputy Speaker: What did you say? Cement or which one?

Hon. (Dr.) Chris Wamalwa (Kimini, FORD-K): Semen, Hon. Deputy Speaker. You know what semen is.

Hon. Deputy Speaker: No, I do not. You are the one saying it.

Hon. (Dr.) Chris Wamalwa (Kimini, FORD-K): For cows.

Hon. Deputy Speaker: Okay, proceed.

Hon. (Dr.) Chris Wamalwa (Kimini, FORD-K): We have the Kenya Veterinary Vaccines Production Institute (KEVEVAPI) in Upper Kabete and they should pull up their socks and produce a hybrid that can increase milk and meat productivity as opposed to farmers going for imports. I was surprised that the semen we are using is not from this country. I visited the Agricultural Development Corporation (ADC) only to be told that the semen produced locally is of inferior quality as opposed to the one from the Netherlands and many farmers prefer the latter. So, for us to bridge this trade deficit, we must embrace innovation because it is critical. The Government should continue funding some of the SMEs, so that when students leave university, they can go into incubation. They need to be trained, so that instead of looking for employment, they can get into farming and produce things. I went to Kiambu the other day and I met two

graduates of law who have started dairy farming and they are doing very well. So, the mentality of our youth that they must be employed when they finish university must change.

I second.

Hon. Deputy Speaker: Very well. I, therefore, propose the Question.

(Question proposed)

I hope Members who have placed their requests want to contribute to this one. Top on the list is Hon. Mbui, the Member for Kathiani.

Hon. Robert Mbui (Kathiani, WDM-K): Thank you, Hon. Deputy Speaker for this opportunity. I thank Hon. John Waluke, the Member for Sirisia Constituency. I am sure the people of Sirisia are very proud to have a Member who can bring such a Motion to the Floor of this House. His Motion seeks to deal with Kenya's international trade and improve the livelihood of Kenyans. Kenya's balance of trade is skewed against us. Our trade deficit has been on the rise. Currently, it is at Kshs1.1 trillion and it will continue to rise if this Government will not take time to listen and put in place measures that will help to bring it down. The balance of trade deficit is brought about by the fact that we are importing a lot more than we are exporting. It is not rocket science, but a basic issue of how much we are buying and selling. If we buy more than we sell, then obviously, we stand to lose out as a nation. Today, we want to talk about solutions for the Government, which will ensure that we do not buy more than we sell. The first solution is to figure out how to increase exports to foreign nations. I want to propose the following:

First, we have to figure out how to deal with trade barriers. For us to export, we need countries that are friendly and willing to allow us to export our goods to them. So, we need to figure how we can negotiate reduction in trade barriers using our Government and State agencies.

Hon. Deputy Speaker, you know the General Agreement on Tariffs and Trade (GATT) has been signed by many countries including ours. Even though we have signed GATT, there are those countries that are careless about allowing our exports to their countries. What we need to figure out is how to make use of our economic blocs. We are already members of the East African Community (EAC) which has many partner States. It is important to figure out how to increase our activity in trading within that bloc.

I also think the Government needs to provide technical support to improve the quality of products that are exported from this country. One of the reasons it is not very easy to export much is that the quality of our products is not checked as it should. We have State agencies that have been given the responsibility to provide technical support. They are supposed to ensure that production in this country is of high quality. An organisation such as the Kenya Bureau of Standards (KEBS) needs to pull up its socks. It should spend more time checking the quality of products in our markets. We have spent a lot of time selling raw products. We sell farm produce directly from the farm. It is important to figure out how to do value addition before we sell our products out there. It is shocking that we export coffee to countries which do value-addition and sell the coffee back to us at a higher price. So, we must figure out, using our State agencies, how to do value-addition particularly the agricultural products before we sell them.

Hon. Deputy Speaker, the Government can help us customise products for specific foreign markets. It is the Government's responsibility to do research on behalf of the Kenyan citizens that want to trade internationally. The Government should figure out what products can

be sold to which country. Once that is done, it will help our producers get easy markets to sell to. So, let us ensure that we provide information on customising of products for foreign markets.

Sometime back, I went to Malaysia and I was surprised to find that there is a blanket ban on cut flowers from Africa. We know that Kenya exports to the Netherlands which by extension sells their cut flowers to Malaysia. Now, Malaysia will buy cut flowers that have come from Africa, but through other countries. It is a simple thing to negotiate directly as opposed to allowing our products to go through other countries before they are sold elsewhere. We can figure out how to directly communicate and negotiate, so that we can sell directly to them. So, let us provide information on existing foreign markets for Kenyan products. I thank His Excellency the President because he found market in China for Kenyan avocados, but that is a tip of the iceberg. We need more of that.

The Government also needs to assist Kenyan farmers to navigate non-tariff barriers. Not only do we have taxation on imports, but we also have other barriers such as language, culture, legal systems and currency. We need to have our governmental organisations and entities spend time on training our local producers on how to handle non-tariff barriers. This will help us reach those markets to sell our products.

The Government also needs to provide financial support. Export subsidies need to be provided by this Government. We need to encourage traders who produce for the local market and also encourage the ones who want to produce for the foreign market. So, it is important that we provide financial support because we all know that one of the problems we face as a nation is financing for our businesses. So, it is important that we provide financial support to those small businesses that wish to export their products.

On the issue of exports, we also have to be careful as politicians. Recently, a well renowned Kenyan politician went on air and threatened the international business people operating within the country. In fact, he threatened they would be beaten and shipped out of this country. Immediately this happens, it sends a very bad signal because we also want to sell our products outside the country. If the other countries were to reciprocate, it means we will be unable to sell our products. So, reckless political statements need to be avoided, so that we can improve our international trade.

We also need to reduce imports and I want to propose the following two measures. One, in order to reduce imports, we need to improve the quality of the locally produced goods. Kenyans import because we feel the quality of goods produced in Kenya is inferior. This is something that we need to deal with. So, State organs should ensure the quality of locally produced items is improved for us to compete favorably in the international market. People buy furniture for their homes from international markets yet we have timber, carpenters and well trained artisans. So, it is important to improve the quality of our goods so that we can reduce imports.

Also on public participation, the Government needs to go flat out and tell Kenyans to be proud of their country. They should buy Kenyan, build Kenya and this needs to be sang to every one of us. All Government and private institutions need to buy Kenyan and take pride in this because it will help our country reduce the deficit. If this happens, we will not only improve our balance of trade, but also reduce unemployment and help improve our economy.

Hon. Deputy Speaker, with those few remarks, I thank you for the opportunity and I support.

Hon. Deputy Speaker: Next is Hon. Wachira Kabinga, the Member for Mwea.

Hon. Josphat Kabinga (Mwea, JP): Thank you, Hon. Deputy Speaker for giving me a chance to contribute to this Motion by Hon. Waluke. I want to congratulate him for thinking in this direction.

This Motion looks as if it is simple yet it is very important for this country, more so, when you look at the figures he has presented on the trade imbalances. When you think of an export of about Kshs1 billion against an import of Kshs500 billion, one gets worried in the sense that when we use imported products, we are surely building somebody else's nation. A tonne of import is taking care of young men and women in another country yet we are suffering in as far as employment opportunities are concerned.

It is also important for Kenyans to know that when we rely on imported goods, we are consuming products which we are not aware about their safety conditions. Nowadays, all over the world, everybody is worried about preservatives added to foods because they are causing cancer among other diseases. Therefore, as a nation, we should be worried and ensure that we do whatever it takes to maximise on the use of our products. I am happy my brother all the way from Western recognises that if we put more effort and add resources to rice production in Mwea Tebere Scheme, we can feed this nation with rice.

We have given ourselves an importation comfort zone and whenever we import products, we forget about our own. Whereas our farmers in Mwea are struggling to produce as much as they can, right now, we are in the planting season and we are almost sure we will not get the required amount of fertiliser needed to increase production. This will result to another importation which we would have prevented. As we know, these farmers are suffering due to lack of fertilisers and poor management of resources like water, which are needed to expand the scheme.

(Technical hitch)

Thank you, Hon. Deputy Speaker. It is not interesting to be interrupted when making your points and you have to reconstruct them again. I was congratulating my brother, Hon. Waluke, for raising this issue about imports and exports. I noted that rice from Pakistan and elsewhere is among the products imported into this country. For some of the imported products, we are not sure whether they are fit for human consumption considering the systems supposed to check the quality and quantities coming into the country.

I have been told that some of the imported products are condemned or have over-stayed in stores or reserves. So, because people want to off load their reserves, some of these goods find their way into our country. For this reason, I am urging our Government to ensure that they put more effort and supplement our farmers who are geared towards feeding this nation.

I want to congratulate the Government since the Mwea Irrigation Scheme is doing well because of Thiba Dam which we are sure will be completed on time. Once completed, this scheme will increase or double rice production in Mwea. We can do better if we continue to get more and more water. Among other issues, I want to urge the Government to look at simple issues which make our production go down resulting in importation of rice from elsewhere. For example, fertiliser is something to be proactive about. Farmers not only in Mwea, but also elsewhere, should be provided with fertiliser so that they can increase production.

Natural resources like water, bigger markets and investing in research can also increase production. Research is one area in which we are doing fairly badly in this country. You will realise that research is wanting for not only rice farmers, but also for farmers in other areas. They rely on the same type of seeds they have been planting for many years. That is why production has been constant. I urge the Government, through this Motion, to look at some of the products to prioritise and say that in the next two or three years their importation will be reduced maybe by 50 per cent. This will be a great achievement.

Mwea rice farming is a seven billion economy. Currently in Mwea, we are producing only 30 per cent. This means that we are probably importing rice worth almost Kshs30 billion to this country. This is something we can prevent by improving rice production in Mwea and other schemes. I hope moving forward through this Motion, we will come up with a list of products to prioritise and focus on to ensure that we deliberately reduce their importation. Farmers are suffering in some areas and I hope moving forward, their issues will be taken seriously. Some of these schemes have the poorest road networks and yet they feed the nation. For a farmer to transport his products from point A to point B, he will have to use his own strength to load to a cart and then struggle with that cart to get to the next point where he can probably get a tractor to transport to another point. A lot of resources are wasted and we could input year by year some money to improve the road networks, so that our sugarcane and rice farmers and others out there can feel motivated to feed the nation.

For example, in Mwea, whenever we plant, some birds come from Ethiopia and Tanzania and feed on our rice that we have struggled to plant. The last time I checked, I was told that birds in Mwea in one season consume rice worth almost Kshs200 million. Again, we need to find ways of controlling some of these things that are not only reducing production, but also the income of farmers. If we do so, we will encourage the people so that when you visit us, you will see motivated farmers who are ready to go into real farming to feed this nation. These are some of the products that we can take care of among others, so that in line with my brother, Hon. Waluke's, Motion, this country can talk about reducing the Kshs1.7 trillion import to something like Kshs700 billion in the next five years. Once we do that, we will start building our economy and we will start seeing employment getting better.

We are all worried that our young men and women are lacking employment because of not making the right investments in areas that could generate employment. Farming is one area that can provide employment to our young men and women in a big way and yet we have not put the necessary resources that would be required to generate jobs within the areas. I hope that through this Motion, we can start focussing and looking at the areas that would not only feed us in a way to make us healthy, but also generate jobs, resources and ensure that the pressure that

we currently have on foreign reserves is reduced. That way, Kenya will grow as a healthier nation in a better way and our children will be taken care of in terms of employment.

Thank you, Hon. Deputy Speaker. I support the Motion.

Hon. Deputy Speaker: Hon. Atandi Onunga, you have the Floor.

Hon. Samuel Atandi (Alego-Usonga, ODM): Thank you, Hon. Deputy Speaker, for giving me this opportunity to speak on this Motion. This is one of the most important Motions to ventilate on. Trade deficit is a very big problem in Kenya and among many African countries. For instance, in Kenya in 2018, our imports totalled Kshs1.7 trillion while our exports were about Kshs600 billion. This means that out of Kshs100 we spend on importing items, we earn only Kshs35. This is very serious and one of the ramifications for such a large trade deficit is that our economy cannot afford to create jobs for our youths.

Secondly, in the area of foreign exchange management, the country experienced a bigger shock. If you remember, our Treasury had to go to the International Monetary Fund (IMF) to look for what we call the standby letter of credit, which is supposed to help the economy by protecting us from foreign exchange shocks.

So, trade deficit is a very big problem. However, if you look at the numbers, you will find that three quarters of our imports come from Asia and China. I was thinking about why we import more from China. I realised that one of the reasons we import more from China is because China produces cheap goods. Also, the Chinese are very aggressive. You find them on the streets of Gikomba marketing and selling their products. I have been thinking about this thing and I have realised that probably we have a tactless approach to the way we manage the marketing of our local products. The blame must squarely go to the departments that are in charge such as the Ministry of Foreign Affairs and International Trade, which I think have not put in place proper mechanisms to engage Asia on how our goods can be taken to those countries.

An example of a country in Africa that is engaging very well with Asia is South Africa. South Africa has been able to improve their trade deficit which three years ago was at the same level with Kenya. Ethiopia is also doing very well. So, we have to encourage our department of international trade to engage more with other foreign countries especially Asia. I feel that our products can find good market in Asia if we have a proper approach on marketing.

One of the things that is hampering Kenya from producing cheap products that can be attractive in other markets is lack of energy. We know that energy is very expensive in Kenya and most of our factories locally are unable to produce competitive products because of the cost of energy. Our Government must focus on how we are going to produce cheap energy. Because energy is expensive, it, therefore, also means that our products are expensive and they are not able to compete seriously in those markets.

However, to bring you back, there is so much that we can do. It must be in the thinking of our planners. In the Finance Bill which will be brought to this House shortly, if you look at the way the National Treasury experts are looking at where we are going to source our revenues, you will see that largely we are projecting to make more money from imports. So, the thinking within our Government planners is that importation is one of the core items that will help us grow our economy. Again, if we have planners with such thinking, then you clearly see that the trade deficit question will never be addressed satisfactorily.

I think we need to start from the basics and insist that as we think about where the Government is going to raise revenues, we must be aware that if the Government tells us that they are going to raise revenues from imports, then, clearly, we are widening the trade deficit.

This causes the National Treasury to look for avenues of shielding foreign exchange shocks and actually encourage borrowing. Basically, we are talking about confusion.

I would like to urge the sponsor of this Motion to probably think of writing a Bill that is going to be implemented, so that we can put it in law. That is the way we want to restrict our trade deficit. Otherwise, we are simply going to be talking and trade deficit is going to expand. As I said, there are countries that are seriously thinking about addressing this issue and we can learn from what they are doing. One of the things that Ethiopia is doing is to focus more on exporting finished products. They are not merely exporting raw products like we are doing. We need to find a way in which we can export more of our finished products, value-added products and invest in value addition so that we can export more. People out there are keener on finished products, namely, what Kenya is sending out there. Let us invest in the right places and then we will be able to address the trade deficit.

I support the Motion.

Hon. Deputy Speaker: Next is Hon. Mutunga Kanyuithia. Before Hon. Kanyuithia speaks, I would like to introduce, in the Public Gallery, students and pupils from Ndumbuini Primary School from Kitui Central Constituency of Kitui County; Mabanda Primary School of Gatanga Constituency, Murang'a County; and Kangai Mixed Secondary School from Mwea Constituency, Kirinyaga County.

Hon. John Mutunga (Tigania West, JP): Thank you, Hon. Deputy Speaker for the opportunity to contribute to this Motion. I thank Hon. Waluke for bringing it to the House. This Motion has been brought in good time for us to assess ourselves as a country and ask ourselves very honest and difficult questions. Why has the trade deficit been increasing instead of decreasing? Why has Kenya lost most of her quotas to the world market? One of the five ways a country can make money or revenue is through trade. As long as we buy a lot more than we sell, we cannot make a lot of money for the country or the individuals within the country. We need to look at the measures we can take in order to reduce the trade deficit and make money as other countries are doing. One of the things we should be learning is why some countries in Asia perform so well while we were at the same level in the early 1970s. They have been able to organise their economies because they are honest with themselves. They do what is required of them to continue being in the world market. It does not cost anything to be in the world market. It is not rocket science to be in the world market. I would like to give a very specific example of rice farming in Mwea. Farmers from Mwea produce rice on their farms. They process rice at Mwea and sell it at world market prices. That is a classic example of what we should do with all our commodities so that we sell them across the board.

We lost quotas as a country and we are not ashamed. We lost our coffee quota. We were selling 120,000 metric tonnes of coffee to the world market. We lost our beef quota. We lost our pyrethrum quota where we were commanding 70 per cent of the world market. We are leaving these commodities to other countries. Rwanda, which is a small country compared to Kenya, is now almost leading in pyrethrum production. Why does our pyrethrum industry not perform? It is because of the individuals who are involved in managing it. We would like serious intervention from the Government to make sure that individuals charged with the responsibility to manage commodities do what is supposed to be done so that those commodities are managed in the best way possible.

When we make a decision as a country to rely on imports and not exports; when we deny our people an opportunity to produce what they are capable of; and when we do not ask ourselves where we have a comparative and competitive advantage so that we will be able to

produce for the world market, we make mistakes. We have made enough mistakes as a country. The first mistake we made is in maintaining small-scale production all through. Other countries in Asia have consolidated their land. They have created production zones. They know where to produce rice in large quantities, and mangoes and bananas in large amounts. If you ask any technocrat in this country how many metric tonnes of bananas we produce, he or she will not be able to tell you. We may not be able to invest in processing so that we sell these commodities. That is one of the things we need to do. We need to reorganise our agriculture so that the Big Four Agenda can be achieved.

This country is endowed with a lot of potential. We have almost all the agro-ecological zones that can be found anywhere. There are some countries where half of the year they are cold and icy and the other half they are warm and hot. These countries are able to manage their climate and production systems so as to deliver to the world market as they feed their people. Sixty years down the line, as a country, we are not able to feed our people. We have a very small population of 48 million that we are not able to feed. We should be ashamed. One of the reasons is that we let go of our potential. We let our coffee go. Our coffee quota in the world market was lost. We lost our beef and pyrethrum quotas. We are now relying on flowers.

We are being overtaken by Ethiopia as we watch because there are many things we need to do but we are not doing them. We need to manage our economy in such a way that we focus on selling our commodities to the world market. We need to teach our farmers to produce to sell in the world market. We need farmers who are competitive producers, not those who produce for their survival. In this country, there are people who are trying to survive through producing both carbohydrates and proteins. You find people keeping chicken, goats and poultry, and growing all the crops on a very small piece of land. That is not a farmer. That is somebody who is practising magic. We need to categorise our farmers very carefully and register them. We will then know that in Zone A there are dairy producers who only produce milk. We then locate our technocrats to those areas so that they can support them.

We may not be able to sell at the world market if we are not competitive. Competitiveness has to do with cost reduction. Cost reduction is based on the size of production. If the size of production is big, the cost will be high. If the cost is high, we cannot sell anything anywhere. We can only leave these people to feed themselves. More often than not, we find ourselves importing products that we could produce. Let us look at the oilseed industry. Through policy measures, we have deliberately killed our oilseed industry. The farmers who could survive on oilseed industry thrive on nothing else. They try something different. We can produce simsim seed oil, sunflower oil and all oilseeds in this country but as a policy decision, we import and spend more than US\$47 billion importing oilseed into this country instead of our farmers benefitting from this kind of money. We should focus on supporting our smallholder farmers. People say that it is expensive but we have the best technocrats. We have a system with all the scientists in this country who can come up with varieties and genetic material that is cheaper for Kenya to produce even in arid and semi-arid lands (ASAL) areas. We are not focusing a lot on this. We have left our farmer to survive on his own. Our idea is that the farmer will survive anyway, and that is very wrong.

Agriculture is not a priority in this country. Looking at the 2017/2018 Budget, agriculture was 11th in terms of funding. When I talk about agriculture, I do not want to talk about infrastructure as they try to relate it and say it somehow contributes to the agriculture sector. Africa took a decision in 2003. Our then President signed the Maputo Protocol, which presupposed that by 2008 - five years down the line - African countries would have supported

agriculture with not less than 10 per cent of their budgets. The countries that have mainstreamed that protocol in the financial planning have grown. They are growing at more than 12 per cent. They are growing at two-digit figures. Those countries which are still lagging behind, like Kenya, are still waiting. We cannot feed ourselves. We cannot talk about exporting when we are not able to feed ourselves. We can talk about industrialisation until the cows come back home but we will never do this unless we consolidate our raw materials, have delivery decisions on how to produce and systems of producing, have transformation measures and a revolution.

Other countries' economies have expanded because they embraced agrarian reforms. Agrarian reforms were forms of agricultural revolution. They revolutionised their agriculture. When we read about the Tennessee Valley Authority, what were they doing? What do we get as a people and technocrats of this country? We do not borrow those lessons and try them out. We borrow those lessons and they stay with us. When we retire, we kill those lessons. We travel this world and learn. In Vietnam, they are reorganising agriculture from smallholder to large farms. They have zoned as per their potential. They have identified rice production areas so that everybody in those areas grows rice. They have identified potato production areas so that everybody in those areas grows potatoes. They have identified wheat production areas so that everybody in those areas grows wheat. They have industrialised their country. We will never industrialise this country unless we focus on the reality and do what other countries have done to get to where they are today. We have never focused on anything. We are still surviving and leaving our farmers alone and hoping that somehow the climate will be good. Even the Budget Statement starts with the phenomenal statement that whenever the climate, weather and year is good, the economy grows. This is because agriculture Gross Domestic Product (GDP) is positively correlated with the national GDP and we do nothing about this. We do not lack the money because we can create projects in this country. It is wrong planning. We focus on the wrong priorities. We better be realistic. We cannot say that we will produce industrial products and sell them out there.

Hon. Deputy Speaker: Your time is over. Before I give the opportunity to the next Member, I have realised that there is a proposed amendment to this Motion by Hon. Millie Odhiambo. I want her to prosecute it so that as we discuss the Motion, we will have known the fate of this particular amendment.

Proceed Hon. Millie.

Hon. (Ms.) Odhiambo-Mabona (Suba North, ODM): Hon. Deputy Speaker, I beg to move that the Motion be amended as follows:

By inserting the words "including livestock and fish farmers" after the word "farmers" wherever it appears in the Motion.

First of all, I support the Motion. I am moving this amendment because ordinarily when people speak about farmers, there is a perception that the word "farmers" excludes fish farmers and sometimes livestock farmers. In areas where I come from, I represent members of the public in seven habitable islands. So, the predominant activity in my constituency is fish farming, even though we also have other forms of agricultural activities and farming. We do not include fishing as part of farming. The Government does not have concerted action ordinarily relating to fish farmers. You find that fishermen put up their factories when they want to export their fish to the neighbouring countries like Uganda. They are exploited. So, most of those industries have closed down. Every time I meet them, their cry is when the Government can be involved. I know we appointed Hon. Ochieng' Mbeo in the Fish Marketing Authority yesterday. Other than that, the fisherfolk always struggle on their own. It is not just the issue of the trade imbalance. You can

see that right now in Nairobi and its environs and even Kisumu which is the source of fish, the bulk of the fish is from China. It is killing the fishing industry in the traditional Lake Victoria area.

The essence of my amendment is that we consider the fisherfolk. I know the Mover of the Motion. I cannot see him but I want to thank him because earlier on, he apologised profusely for saying some not very nice things. I know it is not because of that he forgot the fisherfolk. I am sure he will agree with me that including fisherfolk and livestock farmers is appropriate.

I therefore move the amendment, Hon. Deputy Speaker.

Hon. Deputy Speaker: Who is your seconder?

Hon. (Ms.) Odhiambo-Mabona (Suba North, ODM): I am asking my dear sister, Hon. Martha Wangari, to second because I know where she comes from there is also Lake Naivasha nearby and livestock farmers.

Hon. Deputy Speaker: Okay. Let us hear from her briefly. She has the microphone.

Hon. (Ms.) Martha Wangari (Gilgil, JP): Thank you, Hon. Deputy Speaker. I also agree with my sister, Hon. Millie Odhiambo, that we need to be inclusive. That remark affects many of us even in the Rift Valley where some of these activities are carried out.

I beg to second the amendment.

(Question, that the words to be inserted be inserted, proposed)

*(Question, that the words to be inserted be inserted,
put and agreed to)*

(Question of the Motion as amended, proposed)

Hon. Deputy Speaker: So, the debate henceforth will be on the Motion as amended to include livestock and fish farmers. Next is Hon. (Dr.) Pukose.

Hon. (Dr.) Robert Pukose (Endebess, JP): Thank you, Hon. Deputy Speaker. I want to support the Motion by Hon. Waluke on Measures to Bridge Trade Deficit. This is something that has been a challenge in our country. I urge that the House resolves that the Government urgently puts in place measures to bridge the huge trade deficit by providing incentives to potential investors and farmers, livestock and fish farmers, supporting local production through promotion and protection of local industries and implementing competitive export promotion strategies.

When you go to Eldoret International Airport, you see huge cargo planes landing from Dubai, Malaysia and other areas bringing in cargo. However, when those aircraft leave Eldoret International Airport, they do not leave with any cargo and yet you find that farmers from the North Rift, flower farmers and horticultural farmers, bring their commodities all the way from as far as Kitale and Endebess to Jomo Kenyatta International Airport (JKIA). The reason is that there is no cold room at Eldoret International Airport and storage facility for these goods. This is something that the Government has to seriously think about and look at ways of how we can enhance and provide incentives to these farmers. The other day, the Head of State, President Uhuru Kenyatta, opened the Rift Valley Textile (RIVATEX) Factory but do we have the capacity of producing enough cotton to feed the factory? That is where there is a challenge because this country refused to innovate and take scientific evidence on use of Biotechnology (BT) cotton. That is what other countries use. They even use Genetically Modified Organism (GMO) maize. I want to educate my neighbour, Hon. Ferdinand, that the dollars which he carries

are made from BT cotton. In Europe, many farmers feed their animals with soya beans which is a GMO from North America, United States of America (USA) and other places. We import the products of the same animals like milk powder and milk and then we claim that we do not take GMO products. This is science and we should embrace it.

[The Deputy Speaker (Hon. Moses Cheboi left the Chair)]

[The Temporary Deputy Speaker (Ms.) Jessica Mbalu took the Chair]

This is a very timely Motion in terms of how we should provide incentives to our farmers and improve trade. Just the other day, we wanted to import 12.5 million bags of maize and then we have now moved to 6 million bags of maize, and yet we do not have any proper data to tell us the maize capacity that our farmers produce. In the North Rift, our maize will be ready in October and November. In Western Kenya, their maize is ready in July while in South Rift, it is ready in May.

If you say that the country produces about 40 million bags of maize and then claim that its consumption of the same is 48 million bags, that should make it constant that the whole production is at the same time. But that is not what happens. Different areas produce at different seasons. Our neighbouring country, Uganda has its maize ready for movement now. It is the same case in Tanzania. We adopted the East African Community Free Trade Policy in 2012. It means that Ugandans and Tanzanians are supposed to move their goods freely. Is that what happens? I informed Principal Secretary, Mr. Kibicho, the other day that the Kenya Revenue Authority (KRA) officer at Suam Customs in Endebess gets money from farm produce. He taxes the people crossing to Uganda or those coming to Kenya. Our own farmers who bring maize from Suam Forest get taxed. That should not happen; it is corruption. This is something that needs to be looked into. I urge customs and the immigration departments to interrogate the officer who is getting money from farmers illegally and pocketing it. The incentive we are talking about is to allow our farmers to produce a lot and allow them to move freely with their goods because it is their entitlement. We have the East African Community Treaty in place. Therefore, our people, whether they are going to sell or buy goods in Uganda or Tanzania, should move freely. Nobody should sit at Suam Customs in Endebess to collect money that does not end up at the National Treasury.

With those few remarks, I beg to support.

The Temporary Deputy Speaker (Hon. (Ms.) Jessica Mbalu): The Member for Tharaka, Hon. Murugara Gitonga.

Hon. George Gitonga (Tharaka, DP): Thank you, Hon. Temporary Deputy Speaker. Let me add my voice in support of the Motion. I thank Hon. Waluke because this is a very important Motion. We need to consider it and see exactly where we have gone wrong and try to have our trade balance equal, or at least base it on same standards.

Trade deficits or trade imbalances are usually caused by exportation and importation of goods where imports exceed exports. It means that we spend more money importing goods as opposed to the amount of money we receive after exporting our goods. As a country, we must see how best we can export more than what we import. With regard to exports, they should include the goods we manufacture, our agricultural food products, livestock and fish, just as the Motion has been amended to include.

We have Export Processing Zones (EPZs) in the country and a lot has been said about them. We have devoted a lot of resources into our EPZs with a view of ensuring that we cure the trade deficit or imbalance. However, we are informed that, in fact, some exporters from outside have set up base in our EPZs where they process goods which later on, they bring back to the country as their own products. That does not cure the trade imbalance. We have to look for innovative ways to cure the trade deficit so that, as a country, we move towards an economic balance of trade in our favour. The balance of trade now does not favour us at all, and that is why this Motion is very important.

We have talked about the various goods and services that we can export. They are many. We only need to sit down with our policy makers to consider what we have with us and use new inventions, techniques and innovations so that we treat the trade imbalance. Let us take the case of manufacturing textiles. Not a long while ago, we were highly endowed with cotton, one source for textile production. The best quality cotton was from Eastern Kenya in areas like Tharaka Nithi, Meru, Mwea, Kitui and from Nyanza. But eventually, this went down and the industry died. We then started importing sub-standard textiles which were not in our favour.

On food crops, we have sufficient and the best quality products. We have the best rice, coffee, tea and green grams. We have *Dengu* from Tharaka, Meru, Embu, Kitui and Machakos. If we really added value to green grams and have ready markets to explore, including India, China and others, we would start treating the trade imbalance disease ailing us.

We have the best of livestock production. Our meat products are sold in the East of the world and we are told the quality is extremely high. However, we are told of live camels being exported to Saudi Arabia. Live sheep is also exported to the Americas. For what we have not added any value, the price is very low. That cannot treat a trade imbalance. We have, therefore, to add value to what we export and as a result we will earn foreign exchange that will cater for what we import from those countries.

One way of treating trade imbalance will be to source for markets aggressively. As policy makers of the country, we have to aggressively market our country and its products. It is important that we sell what we have out there as the best. Incentives have to be given if we are to produce and market what will compete out there. In our case, we are known for high taxation. So, without incentives our goods cannot compete out there. That is why it is cheaper to import eggs from Uganda, chicken from Tanzania, and sugar from Brazil when we have sugar industries here. It is simply because the rate of taxation in terms of inputs is too high and consequently the cost of production becomes extremely high.

The net effect of trade imbalance in the country is gross unemployment. That is what is ailing our country. It is the reason every Kenyan is crying out there that we have many educated people, but who are unemployed. Unless we are able to sit down and see what the root cause of such unemployment is, we will never cure the problem. We are discussing a very important issue here which is trade imbalances between countries: Kenya and the rest of the world. Once it does not favour Kenya, it leads to unemployment. If we address this, we are able to address the problem of unemployment. Once we cure unemployment, our rate of production goes high and we have a lot more to export as a result of which we will receive more foreign currency which will cover whatever we are importing from out there. So, our Central Bank must be on the lookout on how to inject our money, especially subsidies in importation. Subsidies will definitely increase the trade deficit which is also a trade imbalance.

As I support this Motion, I urge our Government to look into the products that we make locally. I must make a case for my constituency where we have a lot of agricultural crops in the

market. We have lots of maize, beans, green grams, *et cetera*. We also keep livestock. We do not have a lot of fish but this is also an area we can explore. At the end of the day, we will be able to export more than we can export and the deficit would be cured.

I, therefore, support this Motion and urge the House to adopt the same so that we can put mechanisms in place to ensure that our country has positive trade balance and not the deficit we are talking about today.

With those remarks, I support.

The Temporary Deputy Speaker (Hon. (Ms.) Jessica Mbalu): Very well, Member for Tharaka. Let me have the Member for Mwingi West, Hon. Nguna Ngusya. You have the Floor. Just give him another microphone. It seems his is not working, unless you have no voice, Hon. Nguna.

Hon. Charles Nguna (Mwingi West, WDM-K): This one is working, Hon. Temporary Deputy Speaker. Thank you for the opportunity you have given me this morning.

I would like to congratulate Hon. John Waluke for bringing this critical and, indeed, very technical Motion. It is worth to note, historically, that Kenya has never registered a positive balance of trade since I was born. It has always been negative. What happened to a country...

The Temporary Deputy Speaker (Hon. (Ms.) Jessica Mbalu): Are you saying it is so since you were born?

Hon. Charles Nguna (Mwingi West, WDM-K): Yes.

The Temporary Deputy Speaker (Hon. (Ms.) Jessica Mbalu): Okay. Do you have the statistics?

Hon. Charles Nguna (Mwingi West, WDM-K): Yes. I have not seen Kenya register a positive balance of trade. It is regrettable. We are actually importing triple what we are exporting. It is worth to note that a trade deficit is not always very bad for a country but, when it is so consistent each and every year, we have to start worrying about what we can do to bridge this deficit. It is worth to note that, sometimes, trade deficits actually improve the standards of living. It reduces the rate of...

(Loud consultations)

The Temporary Deputy Speaker (Hon. (Ms.) Jessica Mbalu): Order, Hon. Members. Please lower your consultation levels, the Member for Kitui. Hon. C.N.N. must be heard.

Hon. Charles Nguna (Mwingi West, WDM-K): Yes.

I am saying trade deficit is not always necessarily bad but, when it is so consistent each and every year, we have worry on how to bridge this deficit.

It is worth to note that, out of all this, we can only bring this deficit down by first taxing imports heavily and subsidising our exports yet this goes against the principle of free trade which is anchored in many bilateral agreements. Good governance, for instance, good legal or justice systems will invite what we call "direct foreign investments". This way, we are going to produce more in our country.

I watched a documentary last evening about a farmer who has been rearing chicken. Truly, it is regrettable to note that we are actually importing chicken and eggs from Uganda, a small thing like a toothpick from South Africa and, many more imports. We cannot even count. With proper incentives, we can encourage our local farmers to start producing and exporting more. It is worth to note that even our commercial attachés in different parts of the country are not really helping our people to ensure that they are exporting what is good. Huge trade and

positive balance of trade has been registered in some of the countries we never benchmark, like Russia. We need to borrow a leaf from Russia, not just comparing ourselves with local or regional countries like Ethiopia. If at all we are going to bridge this deficit, our commercial attachés in those different parts of the countries have to pull up their socks.

It is worthy to note our cost of production, in almost every sector, is very high. We are talking issues of energy, electricity. It is one of the highest in Africa, if not in the world. It is so expensive to run these affairs. That is why I am saying we still have a long way to go to bridge this trade deficit. The only way to do that is to ensure that our exports are tax free. We have to look into that issue.

Corruption in our country has increased every cost of production. When I recall how farmers are incentivised in this country, you really wonder where we are going. When I was growing up, my grandfather used to produce cotton. It was in massive production. These things are no longer produced anywhere in Mwingi West, Kitui County, Machakos County, Makueni County and the Ukambani region. Farmers are not even encouraged to do so because a lot of energy has been geared towards incentivising coffee, tea and fish farmers instead of other farmers. So, as we suggest these ways of mitigating these issues, we have to consider where we went wrong since Independence. With proper mechanism of incentivising the farmers, modernising our transport system and reducing the cost of production, we will bridge this deficit.

With these few remarks, I support. Thank you.

The Temporary Deputy Speaker (Hon. (Ms.) Jessica Mbalu): Very well. We are on Motion No.13 and we are debating it in an amended form. There was an amendment that was proposed and passed after “farmers”. Hon. Osotsi, I know you are the next. Let me get to the other side now that you are seated next to Hon. Nguna. I give it to the Member for Nyaribari Chache, Hon. Tong’i Nyagaka.

Hon. Richard Tong’i (Nyaribari Chache, JP): Thank you, Hon. Temporary Deputy Speaker for the opportunity to contribute to this Motion. First, I want to take this opportunity to thank Hon. Waluke for a well thought out Motion that addresses the concerns of Kenyans. When we do not do well as a country, it affects us at a personal level. When our youth do not get employment, we all get concerned. That is a major concern to all of us. We know that the strength of any country is dependent on...

(Hon. (Ms.) Cecily Mbarire consulted loudly)

The Temporary Deputy Speaker (Hon. (Ms.) Jessica Mbalu): Order! Hon. Cecily Mbarire, I know you are next on my request list. You are consulting loudly.

Proceed, Hon. Tong’i.

Hon. Richard Tong’i (Nyaribari Chache, JP): Thank you, Hon. Temporary Deputy Speaker for ensuring that there is order in the House so that we can discuss and debate in a clear way. The balance of trade is a concern for any country. Today China and the United States of America are at war of words because of the balance of trade. Citizens need to be worried if the leadership of the country is not concerned and perturbed by the situation as it is now. A balance of trade as we have today is disturbing. Our exports are worth Kshs612 billion whereas our imports are worth Kshs1.7 trillion. Those are mind boggling numbers. We need to do something about it. There are many things we can do instead of looking at the low hanging fruits. The easiest temptation to most of us would be to increase taxes. However, without addressing the fundamental problem, that alone will not help the country. There are other fundamental problems

that affect exports and imports. We should look at what will work well for us. What can we do as a country? What is naturally grown here with minimal effort?

Our land system is another concern. We must come up with a policy to define what we will do with our land. We cannot have land that is subdivided into uneconomical sizes where everybody wants to put up a structure. We are putting up structures on land that should have been left for agriculture. Countries like India, China and USA have come up with a system called 'ecovillage'. It is a system that encourages people to live in one spot and leave the rest of the land for development. That is their policy and you cannot do anything about it. As a result, we have seen infrastructure development in those countries. As a country, we should go out of our way to put up schools, sewer and water systems and connect electricity so that we attract people to live in an ecovillage. We will free land for agriculture and development. One of the biggest contributors to our economy is agriculture. Once we fix those concerns, by default, we would have created employment for our youth. Gone are the days when we would want to pursue agriculture as a career. When we talk of employment, most of us think of white-collar jobs.

We all know that many people who have made money in this world got it from the soil. The Bible talks about that. It talks about land and soil as being blessed. It says that where you step your feet, God will bless and whatever you put into your land, God will grow it. Food will be a blessing to all of us. We will be able to grow natural foods that are organic. When we grow organic foods, they are not only going to sell at a good price in the world market, but they will also ensure that, as a country, we have healthy people. If you look at the concerns we have nowadays, like cancer, they were not African issues because our foods were natural with no chemicals. I come from Kisii County. If you go to my constituency in a location called Keumbu, on your way to Kisii Town, you will be flooded with people selling bananas. It pains me when I see them selling them at a throwaway price. We have the most beautiful and tasty avocados in this part of the world. Most of these fruits are effortlessly grown. We should come up with a policy as a Government. I am happy with President Uhuru Muigai Kenyatta. He is working so hard to ensure that we get international markets for avocados. I cannot wait for that to happen. We have big production in Kisii...

(Technical hitch)

It will have created employment for the youth, which is the biggest concern for this country. Unemployment is a major concern. I am sure that most of us whenever we go home, the concerns we have from our parents, family members and everyone else is on what we are doing about our siblings who are not working. We must address that. I believe by addressing this, we will have addressed that problem by default.

There are other things we can do as a country to encourage and grow our exports. In Kenya today, God has given us a beautiful environment. With minimal effort, we are able to grow a lot.

Hon. Temporary Deputy Speaker, some Members have constituted a *baraza* near me. I am not able to hear myself.

(Hon. Charles Nguna crossed the Floor without bowing)

The Temporary Deputy Speaker (Hon. (Ms.) Jessica Mbalu): Order, Hon. CNN! Hon. Members, we must observe House procedures. Hon. CNN, can you go and bow at the Bar then

come and consult with the Hon. Member. We cannot just crisscross the Chamber; we are not first-time Members of Parliament anymore.

Proceed.

Hon. Richard Tong'i (Nyaribari Chache, JP): Thank you, Hon. Temporary Deputy Speaker for ensuring that Members are consulting in low tones.

There are other things we can do as a country that will give us an advantage in export and import balances that we have today. In Kenya, God has given us one of the best climatic conditions. Nature has offered us one of the best environments to live in. We have a natural way of tapping into electricity. Most of the electricity we use today is natural. We have hydro-electricity, geothermal electricity, solar electricity and wind electricity. Electricity is one of the things we can obtain naturally with minimal effort. It requires only one investment and once we have it in place, we will export and sell the surplus electricity to the international market. We have seen countries investing and doing electricity business. We have potential, skills and manpower to do it. Our youths have the knowledge of how to run it. We do not need to use foreigners to do it. We only need to buy machines that we cannot manufacture locally at the moment. I hope that someday our Silicon Valley will be able to manufacture them. We should get this done properly so that we grow our market.

Controlling of the land prices is another concern. Our land is too expensive to attract foreigners to produce locally. So, we import their produce. If you look at their land, it is reasonably affordable. In Kenya, we have made our land so expensive to the detriment of our economy. What can we do as leaders if we engage our minds? What is it that we can do to cut the prices of land so that our people are not disadvantaged in terms of export?

With those remarks, I support the Motion.

The Temporary Deputy Speaker (Hon. (Ms.) Jessica Mbalu): Hon. Members, let us behave with some decorum in the House. It pains me when we have to correct Members in the Chamber. We know what is required of us and what is not required of us.

Hon. Osotsi, I am aware you do not have a card, please approach the Dispatch Box.

Hon. Godfrey Osotsi (Nominated, ANC): Thank you, Hon. Temporary Deputy Speaker for the opportunity to contribute to this very important Motion. I think this is one of the most well thought out Motions that this House has debated. I want to thank Hon. John Waluke for bringing this important Motion to this House to be debated.

The trade deficit is a very important economic variable. When we talk about trade deficit, we are talking about many other aspects that affect the economy. We are talking about foreign aid, foreign direct investment, balance of payments, interest rates and currency valuations. All these issues are impacted by the trade deficit or trade surplus. Therefore, when you look at it, you realise that this is a very important aspect of the economy that this House should take very seriously.

This Motion in the amended form seeks to provide measures to bridge the trade deficit by providing incentives to potential investors, farmers, fishermen and livestock farmers. The issue of provision of incentives is key because we cannot produce enough for export if we are not investing in our farmers and our investors so that they can produce more goods and services for export. It also seeks to support the local production through promotion and protection of local industries. This country has to relook at its industrialisation policy because most of our industries are dying. I want to commend the President for opening RIVATEX and the promise of reopening Kisumu Cotton Mills (KICOMI). We also need them to consider reviving our sugar industry. We have Mumias Sugar Company, Muhoroni Sugar Company, Nzoia Sugar Company and all

the other sugar companies which are on their deathbed. We cannot be talking about the Big Four Agenda, particularly manufacturing, when we are watching as our industries particularly Mumias Sugar Company which was one of the leading tax givers in this country on its deathbed and very little is being done to revive that industry.

This Motion also seeks to implement competitive export promotions strategies. We have several institutions that are supposed to be doing this work of promoting export. We have Export Promotion Council, Export Processing Zones and the Brand Kenya. We hear very little of these institutions. It is high time this Parliament interrogated these institutions that are spending taxpayers' money and we are not seeing their impact because that is what they are supposed to be doing.

The other very important thing is that, as one of the Members said, trade deficit sometimes is not a necessarily a negative thing. We know that the USA has had the highest trade deficit in the world since 1975, but they are still an economic giant. This is because they consume more. Their level of preference for goods and services is very high, and therefore there is need to export more goods to the country which is portrayed as having higher standards of living. That is not the case for Kenya. Ours is negative because we import more than we export. When you look at it, you will see that it affects the level of unemployment because it means when you import more, you are promoting industrialisation in the other country. You are basically outsourcing jobs in the other country, therefore creating unemployment in your country. So, it is a negative thing to this country.

One of the speakers talked about having a relook at our foreign policy. I want to agree with Hon. Wamalwa that our foreign policy is not promoting investment. We have our ambassadors who are largely political. We need to ensure that when we appoint people to represent us in our missions, they must be people who understand what we call economic diplomacy. They can sit down with leaders in other countries and talk trade and bring more investment into this country. We should also look at how we can use our Diaspora, Kenyans living in foreign countries, to promote trade. Other countries have done that successfully. China, Brazil and even Ethiopia, our neighbour here has done so well. We could use people who live in those countries and who understand the environment to make trade deals on behalf of this country. That will help us improve our trade deficit.

We have also realised that one of the countries that we trade largely with is Uganda. One, because of proximity and two, because they are using our port in Mombasa. That tells you something. It tells you that opportunities for trade are available in Africa. We need to maximise the trade opportunities available in Africa by promoting infrastructure within the countries in Africa and also ensuring that the bilateral and multilateral agreements we have make sense. This country is in so many agreements. We are in Common Market for Eastern and Southern Africa (COMESA), East African Community and the new one called the African Continental Free Trade Area. What is the benefit of all these agreements when all these countries are in almost the same geographical area? The recent one offers an opportunity for us to offer free movement of goods and services between countries. It makes no sense that an African country which wants to export to another African country has to fly goods to Europe then back to Africa because we do not have proper arrangement on infrastructure and movement of goods. I want to thank the African Union for putting a lot of focus on infrastructure development. There are plans to have Trans-African roads and railways and that will improve trade among African countries.

Lastly, is the management of trade department in Government. During the last regime of President Kibaki, we saw a lot of focus on the Ministry of Trade and there were very competent

people at the Ministry: Hon. Mukhisa Kituyi, our current President Hon. Uhuru and Hon. Wetang'ula. We saw a lot of vibrancy in the Ministry. What has happened to the Ministry? It is not doing much. We cannot improve our trade deficit if we do not have a functional trade ministry.

The Temporary Deputy Speaker (Hon. (Ms.) Jessica Mbalu): Order, Hon. Osotsi. This is a House of record. Your time is over. Members, learn to plan your time. The Member for Igembe South, Hon. Mwirigi Paul.

Hon. John Paul Mwirigi (Igembe South, Independent): Asante sana, Mhe. Naibu Spika wa Muda kwa kunipa nafasi hii kuchangia hii Hoja ambayo imeletwa na mwenzangu, Mhe. Waluke. Ukiangalia hapa nchini Kenya, kile ambacho kinatufanya kila wakati tunaleta haya mambo wakati ambapo Serikali inaomba pesa nyingi kutoka nje, ama ile mikopo ambayo tunaagiza, ni kutotilia maanani zile kazi ambazo Wakenya wanafanya hapa na zile ambazo zinaweza kufaidi hii nchi kwa kuleta hela nyingi. Ukiangalia wakulima wa hili taifa la Kenya ni kama hilo suala limeachwa nje na Serikali ya Kenya. Utakuta zile bidhaa ambazo zinaagizwa kutoka kule nje ni bidhaa ambazo tunazitengeneza hapa nchini. Kama Serikali itayatilia maanani na kuanza kutilia mkazo zile bidhaa ambazo tunatengeneza hapa ni kumaanisha ya kwamba tutaweza kuwa na hela za kutosha na hatutaomba mikopo kutoka kule nje. Kwa mfano, kuna samaki ambaye tunamkuza katika nchi hii kule Kisumu na kule ambako wakulima wamewekeza na wanafanya kilimo cha samaki. Sio vizuri kuwa kila wakati tunaagiza samaki kutoka nchi ya China. Hiki ndicho kinafanya wakulima wa samaki kukosa matumaini ya kuendelea na hiki kilimo. Hiyo inapelekea nakisi kuendelea kuongezeka. Wakati ambapo Serikali inatenga zile fedha za kilimo, wakati mwingine unakuta wakati ambapo Bajeti inajadiliwa, hawatilii mkazo mambo ya kilimo. Kama wangetilia mkazo kilimo, tungekuwa tunakuza vitu vingi. Kama wakulima wa kahawa na wale ambao wanaweka mifugo, hizi ni bidhaa ambazo tungeziuza hapa nchini na kule nje na tupate hela.

Pia wale wawekezaji ambao huwa wanakuja katika hili taifa kuwekeza, kama Serikali ingetilia mkazo na kuwahimiza ya kuwa hapa Kenya tuko na ardhi ya kutosha pale ambapo wanaweza kuja na kuwekeza vitu vyao, tungekuwa tunapata pesa nyingi kutokana na wale wawekezaji. Vile vile, katika zile jopo ambazo zinatengenezwa na Serikali kuenda kule nje kutafuta soko la bidhaa za hapa Kenya, ni vizuri wakati ambapo Serikali inafanya haya mambo, wakishirikiana na kamati za biashara pamoja na ukulima, waangalie kama yule mkulima wa miraa ameridhishwa. Pale natoka ile miraa tunakuza ni mingi sana. Wakati ambapo Serikali inaenda kule kutafuta soko, hakuna wakati ambapo nimesikia kuwa Serikali imeenda nje kutafuta soko la wakulima wa miraa. Saa zingine ile miraa tunauza kutoka kule ina hela nyingi. Wakati ambapo Serikali itajitolea na kuanza kutafutia pia wale wakulima wa miraa soko huko nje, inaweza kuleta pesa kwa wingi hapa na hakutakuwa na sababu ya kutafuta mikopo kule nje.

(Loud consultations)

The Temporary Deputy Speaker (Hon. (Ms.) Jessica Mbalu): Order! There is a *kamukunji* there. The Members sitting around Hon. Osotsi - I do not want to mention your names because I will rule you out of order - you must have decorum. Can the Member be heard? Thank you. Carry on.

Hon. John Paul Mwirigi (Igembe South, Independent): Asante sana, Mhe. Spika wa Muda, kwa kunilinda. Nilikuwa naongea kuhusu ile miraa ambayo tunakuza. Ni kilimo ambacho kama Serikali ingekitilia maanani na waitafutie soko kule, tungekuwa tunapata hela nyingi. Nchi

ya Israeli imeanza kununua ile miraa kutoka mwezi huu. Hizo ni pesa ambazo zitafaidi Serikali kwa njia kubwa. Ukiona zile bidhaa ambazo tunaagiza kutoka nje, ni bidhaa za hela nyingi ukilinganisha na zile ambazo sisi tunauza kule nje. Kwa hivyo, kama Serikali ingetilia mkazo wakulima wa hapa nchini, nadhani zile pesa ambazo tungekuwa tunaomba kutoka kule nje zingekuwa chache na mwananchi hangefinyiliwa na Serikali kwa kulipa kodi. Kwa hivyo, kile ambacho kinafanya wananchi walipe kodi ya juu ni Serikali imefeli kutekeleza yale ambayo yanaweza kumsaidia mwananchi katika kukuza bidhaa hapa ili tupate pesa nyingi.

Wakati ambapo hii Hoja itapita, ni vizuri Serikali iangalie mwananchi kwanza, halafu yule ambaye tunanunua kutoka kwake awe wa pili. Hili litasaidia nchi kupata pesa kwa wingi. Sio vizuri wakati ambapo tuko na bidhaa ambazo tunaweza kuziekeza na zito pesa nyingi za kusaidia nchi, tunaweka mtu wa kutoka nje katika mstari wa mbele na kusahau watu wetu. Ni vizuri Serikali imshughulikie mwananchi wake kwanza kwa kuyashughulikia yale ambayo yanaweza kumsaidia kuzalisha fedha zaidi kushinda zile ambazo tunazipokea kutoka kule nje.

Kwa hayo machache, naomba kuunga mkono. Asante.

The Temporary Deputy Speaker (Hon. (Ms.) Jessica Mbalu): Let us have the Member for West Mugirango, Hon. Mogaka. Hon. Members, I have 17 requests of Members who want to speak to this particular Motion. I want to assure you we will all get time to speak. Let us be patient. I am aware the Member for West Mugirango is in the consultation room. Let us have the Member for Kwanza.

Hon. Ferdinand Wanyonyi (Kwanza, FORD-K): Thank you, Hon. Temporary Deputy Speaker for the opportunity. At the outset, I want to thank Hon. John Waluke, the Member for Sirisia, for coming up with the Motion, which I think was not unexpected. Trade deficit in this country is regrettable because of our own making. I am saying this because I have been here all these years and I saw this coming because of our own undoing. We used to have a slogan which you and I know: *Buy Kenya Build Kenya*. It was very popular. We even set up a brands authority where we were promoting our own products.

Hon. Temporary Deputy Speaker, you need to protect me from my neighbours who are very excited. Am I protected?

The Temporary Deputy Speaker (Hon. (Ms.) Jessica Mbalu): Who are your neighbours?

Hon. Ferdinand Wanyonyi (Kwanza, FORD-K): Those ones on my right.

The Temporary Deputy Speaker (Hon. (Ms.) Jessica Mbalu): Do not generalise because I must protect you. Who are your neighbours?

Hon. Ferdinand Wanyonyi (Kwanza, FORD-K): Hon. Temporary Deputy Speaker on a very serious note let us concentrate on this Motion which is going to help our people.

The Temporary Deputy Speaker (Hon. (Ms.) Jessica Mbalu): Neighbours to Hon. Member for Kwanza, you are out of order. We need to protect the Member for Kwanza. Hon. Member, you are protected. Please carry on.

Hon. Ferdinand Wanyonyi (Kwanza, FORD-K): Hon. Temporary Deputy Speaker, I was talking about the first few years after independence. I think we were doing very well as a country.

We had the *Buy Kenya Build Kenya* slogan. We had even branded Kenya and most of our exports were doing very well. We were the economic hub in our region. We were exporting to countries such as Uganda, Rwanda, Burundi and Tanzania. At one time, the late President of Tanzania said we are a “man eat man society” because we were doing very well. Somehow somewhere the rain started beating us. That is why, at the outset, I said that it is our own making

and we should not be where we are today because we have made mistakes. We, therefore, have to increase our exports. We have an authority called the Export Promotion Zone (EPZ). They had been very active but of late I do not even hear about them. What happened? This is because we have many opportunities out there. We, Members of Parliament, have been out there and found that people respect this country because we have been very peaceful and we are hardworking people. Today, I must say it is a shame.

I was in America the other day on matters coffee promotion. I realised that in a previous show, Kenya was rated as the leading country. I was surprised to learn that presently, Rwanda, which had been at war, has overtaken Kenya for reasons that we all know. So, we must do what it takes to promote our products locally.

I want to take this opportunity to thank His Excellency the President. The Rift Valley Textiles (RIVATEX) in Eldoret was doing very well until we started importing synthetic products from elsewhere. We were exporting products from RIVATEX, Thika Textile Mills and Kisumu Cotton Mills (KICOMI) and we were doing very well. What happened to our country? We are leaders here. Something went wrong somewhere and we killed cotton production in Western Kenya and in Ukambani. Cotton was produced locally in this country. We stopped having the agricultural extension services which would have helped our farmers. We went for the white-collar jobs and forgot about our own initiatives.

So, I say this with bitterness that the rain started beating us because we are careless. We should be doing better. What happened to KICOMI in Kisumu? When I was doing my primary school, the factory was doing very well and offering jobs in Western Kenya. Thika Textile Mills and RIVATEX in Eldoret were offering jobs as well. So, we have to do something about it. The Ministry of Foreign Affairs has commercial attachés whose mandate is to look for trade links with our country. The commercial attachés are all over the world, but they are not doing their job. I am sorry to say that the Ministry of Foreign Affairs should wake up and promote our products overseas.

Look at the counterfeit products that come from the East. Never mind that we still have to send our products to China and Korea. I want to remind the country and this House that in 1963 when we got Independence, Kenya was at par with South Korea and Malaysia in terms of trade. Today, they have overtaken us. I went to Malaysia and I realised that they are miles away. Their export processing centres are doing so well. We tried to do it here, but we did not manage to make headway. So, we should not lament. We should wake up and start working so that our products get a market elsewhere. Counterfeits should be stopped. This is because most of the products that are imported from the Far East are inferior products. No wonder we are importing cancer in this country. A Member mentioned, and I quite agree with him, that importation of some of the food products such as rice can be risky. How do we import rice in Kenya? We have rice here, for example, in Yala at the Dominion Farms. We were doing very well. How do we now import rice from the East? We could be importing the Genetically Modified Organisms (GMO). No wonder we are having a problem with cancer in this country. So, we should stop the counterfeits that come into this country, particularly the consumables.

It is regrettable that today... If you go to Kibra and Eastleigh you will find milk products manufactured in Uganda.

Hon. Junet Nuh (Suna East, ODM): *(Inaudible)*

Hon. Ferdinand Wanyonyi (Kwanza, FORD-K): I am talking about Eastleigh where my friend comes from.

Hon. Junet Nuh (Suna East, ODM): On a point of order!

Hon. Ferdinand Wanyonyi (Kwanza, FORD-K): No! You have just walked in here.

Hon. Temporary Deputy Speaker, please, protect me from Hon. Junet who has just walked in and wants to be noticed. All I am saying is that we...

The Temporary Deputy Speaker (Hon. (Ms.) Jessica Mbalu): Order, Hon. Wanyonyi! I can see the two of you exchanging words. Hon. Junet, Member for Suna East, what is out of order?

Hon. Junet Nuh (Suna East, ODM): Maize farmers have problems in this country and he is representing them.

The Temporary Deputy Speaker (Hon. (Ms.) Jessica Mbalu): So, what is out of order?

Hon. Junet Nuh (Suna East, ODM): He is claiming I am from Eastleigh when he knows I am from Suna East Constituency, Migori County.

The Temporary Deputy Speaker (Hon. (Ms.) Jessica Mbalu): Hon. Junet, you have just come in and you have rattled him. Hon. Wanyonyi, please, note that Hon. Junet is the Member for Suna East.

Hon. Ferdinand Wanyonyi (Kwanza, FORD-K): He is a good friend of mine, but when he was walking in he talked about Eastleigh and so I associated him with it.

The Temporary Deputy Speaker (Hon. (Ms.) Jessica Mbalu): You treat such as noise.

Hon. Ferdinand Wanyonyi (Kwanza, FORD-K): His ethnic group is mostly from Eastleigh. So, when he talked about Eastleigh, I forgot. So, I apologise.

The Temporary Deputy Speaker (Hon. (Ms.) Jessica Mbalu): Thank you for being on record. He is the Member for Suna East.

Hon. Ferdinand Wanyonyi (Kwanza, FORD-K): He is actually a very effective Member for Suna East.

Hon. Temporary Deputy Speaker, I urge this House that we pull up our socks and promote the products made in this country to build it economically.

With those few remarks, I support the Motion as amended.

*[The Temporary Deputy Speaker
(Hon. (Ms.) Jessica Mbalu) left the Chair]*

*[The Temporary Deputy Speaker
(Hon. Christopher Omulele) took the Chair]*

The Temporary Deputy Speaker (Hon. Christopher Omulele): Hon. Oyula, Member for Butula.

Hon. Joseph Oyula (Butula, ODM): Thank you, Hon. Temporary Deputy Speaker for giving me an opportunity to give a few comments on this Motion. I will start by thanking Hon. Waluke for bringing it before this House.

As has been mentioned elsewhere, if you can remember our country started off very well immediately after Independence. There was a lot of growth witnessed and the exports from this country were felt in very many places. For instance, you will remember that Ken-Knit and Raymond factories in Eldoret made very high-quality products which were exported to shops in Europe, but they collapsed. We had many industries which were producing good products in Kenya. Then a disease came of dumping second-hand clothes which killed the textile industry. We went for cheap products from eastern countries like China and others which killed our

industries. The most important thing we need to look at as a country, because we know what we ought to have done and did not do is to get...

(Technical hitch)

We need to go deep into the causes of what brought this country down. We need a team to go deep and find out the failures which caused these situations and get experts to advise us. This is just a question of revisiting those areas and ensuring the industries we were proud of as a country are reinstated.

We also need to look at the cost of doing business because it went very high to the extent that our goods are overpriced. The Government also needs to particularly relook into the cost of power because it is contributing to overpricing of the goods produced in this country. We can talk a lot but if implementation is not forthcoming, the recommendations from this House will just be kept elsewhere.

This House needs to look at the implementation side of whatever laws that are passed to promote industries in this country. For instance, look at our trade with Uganda. They used to import a lot of goods from Kenya. Now, the balance of trade between Kenya and Uganda is almost at par. This is because we have many goods from Uganda coming to Kenyan markets. Our people have slackened and corruption has eaten deep into the industries in Kenya.

So, as we support this Motion we need to go back and look at the situation and come up with corrective measures which will encourage industries to grow in Kenya. Without industries and proper trade arrangements we will continue having increased trade deficit in this country.

With those few remarks, I want to congratulate Hon. Waluke and ask this House to not only look at the past but also the future. Let us look at what we need for this country and how can we ensure that trade grows.

Thank you, Hon. Temporary Deputy Speaker.

The Temporary Deputy Speaker (Hon. Christopher Omulele): Hon. Ibrahim Sahal.

Hon. (Ms.) Nasri Ibrahim (Nominated FORD-K): Thank you, Hon. Temporary Deputy Speaker for giving me an opportunity to contribute to this important Motion. Kenyans are hardworking people and many of them are exporters and importers. They import and export to different parts of the world, but when containers arrive in Kenya the customs people delay them and this really frustrates traders.

There are also those who export herbs and face challenges like traffic jam and delay of airlines. Recent reports indicate that the country's trade deficit has persisted despite the slowdown of imports. The economists said the high trade deficit will slow down employment opportunities for our educated youths.

I stand to support. Thank you.

Hon. David Ochieng' (Ugenya, MDG): Thank you, Hon. Temporary Deputy Speaker. I want to thank Hon. Waluke for bringing a very important and timely Motion. On 13th February this year, it was reported in the media that the President of Uganda, His Excellency Yoweri Museveni said that for the first time in 55 years Uganda had exported more to Kenya than Kenya to Uganda.

Therefore, Hon. Waluke's Motion addresses a very current issue which needs to be sorted out with the emergency and immediacy it deserves. I have heard Members talking about what needs to be done. This country has adopted so many policy papers from Sessional Paper No.10 to

No.186. Currently, we have a very robust document called the National Export Development and Promotion Strategy adopted last year with the main aim of promoting exports.

We live in a country where we like comparing ourselves. When you hear politicians campaigning, they say the way Kenya, South Korea and Malaysia were at the same level in the 1960s and 1970s. They will also tell you that these countries had the same policies at that time. I want to tell this House that the major difference between us and the rest of the world is that we talk too much, but we do not implement or have intentions of implementing our policies. I have given these reasons before this House before. That when South Korea was implementing export substitution projects and programmes in the 1980s and early 1990s, we were implementing fake gold scams. That is why we have been talking about the Goldenberg scandal all these years.

South Korea and Malaysia had the same policies saying, if you export more, we are going to give you rebates and compensate you for exporting more. What happened in Kenya? People used to export air and claim compensation. We do not expect to move any further. I have seen Hon. Waluke asking for more policies. We have enough policies in this country. What is lacking is implementation. This brings squarely the role of Parliament in export promotion. Let us not pass the buck and try to say someone else should do it. Parliament is a very important body even in budgeting. If we realise that what is lacking is support to small-scale farmers, small-scale producers and small-scale industries, why can we as Parliament not budget and allocate resources to ensure that this strategy for promoting exports is implemented in the right way?

Our policy makers are not making the Executive accountable for the monies we are giving them to promote exports. I am happy we are debating this at the end of July. This Parliament has just approved a Kshs3 trillion Budget. We are going to be passing the Division of Revenue Bill probably this week and next week. The budget we have is laden with a lot of procurement by the Government. Every two years, you will hear the Government saying we are going to promote, *buy Kenya build Kenya*. But, if you went to some offices that we have in this Parliament today, you will find that all the furniture there is imported. All the carpets there are also imported and even the tiles we use. We are putting up new Parliament building across the road and the cement for building it is imported. We are importing everything. That is why we hope that over time, through importing things, we are going to sort out trade deficit. It is not possible to sort out trade deficit if we import everything and anything. Kenyans have a very weird DNA. Sometimes I wonder. We love foreign things like clothes, shoes, toothpaste and everything that is foreign. So, we cannot...

The Temporary Deputy Speaker (Hon. Christopher Omulele): Hon. Ochieng, I would just like to ask you a question and you do not have to respond. I read a very interesting article in the newspaper today. One of the articles there was suggesting that Members of Parliament should drive the Vivo or the Omnibus so that we can buy and promote Kenya.

Proceed, Hon. Ochieng'.

Hon. David Ochieng' (Ugenya, MDG): Hon. Temporary Deputy Speaker, I am Kenyan and when I spoke, I was describing a Kenyan. I am Kenyan. So, you can guess that probably I am driving a foreign car and dressed in foreign clothes. We are in love with foreign things that even where we produce our local things, we do not want to consume them. So, if we are to sort out the problem of trade deficit in this country, we must walk the talk.

I have heard Members of Parliament talking about Rwanda. Last year, Rwanda decided to ban importation of second hand clothes. The President of the United States of America, President Trump, said Rwanda will be removed from some list. Rwanda said: "You can go ahead

and remove us from the African Growth and Opportunity Act (AGOA) but we have said we are not going to allow imports of second hand clothes.” They have stuck to their guns.

Last month, the President re-launched the RIVATEX, but he is still allowing the import of second hand clothes. How are we going to sell RIVATEX clothes if you swamp the country with cheaper second hand clothes? You cannot. We should know how to sequence. How do you expect to grow your textile industry when the number of imports of these kinds of things we are producing in the country is so high? We will never ever in our lifetime be competitive. This is the problem we have. I have said in this Assembly before severally that if you walked into *Nandos* or *Galitos* today, you will see that the chicken being consumed there is foreign chicken. We allow them to come here with their own inputs. I have said it in this Assembly before that the reason Ugandans are now selling more eggs into Kenya is that Uganda produces its chicken feed cheaper than Kenya can do.

In fact, all animal feeds produced in Uganda is cheaper than what we produce. The reason is we have decided to tax even production. We tax everything because we want to get money to steal. If you are going to tax even things that help our production, how far will we make sure that we can export more? In the coming long rains, you are going to see again farmers in Nyandarua stuck with tomatoes and farmers somewhere in Murang’a and Laikipia stuck with potatoes. They cannot sell because of the constraints. They cannot get a way of getting into the market. The roads are bad and they are being taxed by the county government and the national Government.

So, as we try to develop measures to bridge the trade deficit, we must understand that as a country we must agree that there are areas where we have failed. We have allowed corruption to steal our soul and kill everything else that is good in this country, even the plan that we have that is supposed to ensure that Kenya grows. You wonder that a country like Botswana whose President is in this country today, has been having steady trade with the rest of the world for the last 10 years than Kenya has done. Another example is Uganda. Countries that we cannot say are as democratic as we are, are doing things in a better way than we are doing. So, the role of Parliament in export promotion cannot be gainsaid. So, I request Members here that in all the committees you are in be it the Departmental Committee on Trade, Industry and Cooperatives, the Departmental Committee on Energy, the Departmental Committee on Transport, Public Works and Housing, Departmental Committee on Health or whichever committee we are in, we need to ensure that our procurement, the policies we are passing and the budgets we oversee meet the goals of promoting export. We cannot grow if our goods are not being competitive and the reason being our own national policies. Our labour, power cost and transport cost are very high. Our producers then have to add another cost of corruption. We cannot sell our commodities outside there.

What I am saying is this; that if we as a country have to grow, then we must put our monies where our mouths are. We belong to COMESA and EAC. As we speak, Uganda is now importing things they used to import from Kenya from China. Egypt is importing things they used to get from Kenya from China and India. That is trade diversion. We are not putting our trade partners to account. So, if we are to grow and if Hon. Waluke’s Motion is to mean anything, then we must search our souls as a country and say that this is what we want to do. We want to promote business and industry and because we have enough policies, we want to put our feet down and say enough of corruption, red tape and taxing production and that it is right to ensure that we promote production. This is so that we can create jobs and ensure that this country regains what it has lost.

I support the Motion and thank Hon. Waluke for bringing it.

The Temporary Deputy Speaker (Hon. Christopher Omulele): Very well-spoken Hon. Ochieng. Next week when you come to the House, I expect to see you in a shirt made by F.

Next is Hon. Gichimu.

Hon. Gichimu Githinji (Gichugu, JP): Thank you, Hon. Temporary Deputy Speaker, for the opportunity to contribute to this Motion by Hon. Waluke. The issue of provision of incentives to potential investors in this country is very key. It is also important that investment promotion and encouragement of investors from outside be also tied to utilisation of the local products.

It is a bit unfair that sometimes we encourage investors in this country, but most of the products that they use, including EPZ are usually imported from outside. You find that these are people who enjoy tax rebates for many years and they are also paying our workers very poor salaries. This is an area that the Government should relook and see whether we also need to put conditions that all the investors, especially who have been gazetted for EPZ zones also utilise the local products so that we can promote job creation in this country and also increase revenues and incomes to our farmers.

One of the areas that also need be emphasised by the Government is reduction of the cost of production of our products so that we can also effectively compete with other countries and export our products. I am happy that when His Excellency the President was re-launching RIVATEX in Eldoret, he directed that that particular company be given a 50 per cent reduction in the cost of electricity. That would ensure that the cost of production goes down, more people get employment and the products compete in the market.

(Technical hitch)

Another area we need to relook at is the bottom-up development approach rather than the up-bottom approach. One of the areas that have been forgotten and which came through the Economic Stimulus Programme was the constituency industrial development centres. These are small but critical industries which would have been very useful in improving the economy of this country. We would be producing so many products from various areas because every area is blessed differently economically. Those products would feed into the industrial parks now that we are looking at building them. Some of the products can also be exported out of this country. That will help in reducing the trade deficit we are facing in this country.

I cannot forget the subsidies or incentives that need to be given to our farmers, especially those in giant export areas of tea and coffee. We need subsidies from the Government in terms of farm inputs, fertilisers, chemicals and other things that will cushion the farmer so that we can produce and export more. Areas like Kirinyaga, especially Gichugu produce some of the best coffee in the world. These areas should also be earmarked for purposes of subsidies in terms of fertilisers and chemicals so that farmers can produce more. We are not able to produce more coffee that can compete with coffee from Brazil and other areas that produce a lot of coffee. Our production is very low yet we expect to gain so much from it. Over the years, production of these cash crops has been reducing. It is high time the Government came to the rescue of the farmers.

I am happy that when the President was reopening RIVATEX, he directed that the relevant Ministries...

(Technical hitch)

A lot of research has been done on BT cotton, especially in areas like Mwea, the lower parts of Meru and other areas. If BT cotton can be introduced in place of the current indigenous cotton that has been produced in this country then it has been...

(Technical hitch)

That will also help in areas that produce cotton, like some parts of Western Kenya where there is a lot of cotton growing. It will also boost the income of the farmers and improve the economy. The economy is a broad subject. It is not just about looking at imports and exports. It is about creating employment for our people locally through high production of whatever commodity a certain area produces.

We also need a marketing strategy for our products. I do not know where the Export Promotion Council went to. It is a very vital institution that should be given a lot of support by the Government so that it can earmark where we need to export our products and come up with marketing strategies for our products.

Value addition is also key. We mostly produce commodities but when we add value to products in this country, we increase their competitiveness and the income that farmers may get from the products.

We also need to move from the traditional markets of our products. I am happy that the Government is also looking at larger markets like China, where there are more people. We also need to relook at tea. We have over-relied on exports to Egypt. It is high time we also looked at exports to other countries, like the USA. We also need to export commodities like coffee so that we enhance income.

With those many remarks, I support the Motion.

The Temporary Deputy Speaker (Hon. Christopher Omulele): Very well. Let us have Hon. Luyai Amisi, Member for Saboti.

Hon. Caleb Luyai (Saboti, ODM): Thank you, Hon. Temporary Deputy Speaker. I have been patiently waiting for this chance to support the Motion by my good friend, Hon. Waluke, which is at the centre of our survival as a nation and is key in terms of our sovereignty as a nation.

We must ask ourselves what we can do as a country to bridge this huge trade deficit that we are experiencing. At the centre of this, we should try and see how we can do export promotion in terms of Government-funded trade fairs, conferences and exhibitions. More often than not, we bump into foreign trade fairs in major town centres of our country. I do not know if we experience the same outside the country. We have economic attaches in most of the missions abroad. I do not know if we have been able to look into that. Most of our local exporters do not have the capacity to hold such trade fairs internationally. The Government needs to chip in and support our local exporters in promoting them in terms of trade fairs, exhibitions and Government-funded conferences abroad as entities so that we showcase what we have as a country.

Hon. Temporary Deputy Speaker, lately, we have been grappling with the issue of maize importation. I wonder why the Cabinet Secretary for Agriculture would be preoccupied with supporting and promoting international commodity importers and commercial entities. The CS for Agriculture should be a friend of farmers. We cannot be talking about maize farmers and other farmers when their produce is rotting in various granaries across the country and the

Ministry is focused on importation of maize. The Ministry should focus on how to promote our maize farmers so that we do not import maize while we have a lot in various stores across the country. We are ready to pay a premium on importing maize but we are not ready to pay the same premium to our farmers. We are not promoting our farmers but we are focused on promoting foreign entities at the expense of our struggling farmers.

The Cabinet Secretary for Agriculture, Livestock and Fisheries should also be preoccupied with trying to regularise our land issues. Most of our fertile land is now full of real estates. They have mushroomed, for example, in Kiambu County which was known for coffee farming. If you visit that County, you will see a lot of real estates. We have other land, for example in Trans Nzoia County, where people have come and fragmented it into smaller units.

The Temporary Deputy Speaker (Hon. Christopher Omulele): Hon. Luyai, without interrupting you, unfortunately, time has caught up with you. It is time for the Mover to be called upon to reply. I will allow you to contribute for one or two minutes so that you wind up and then we have Hon. Waluke to reply.

Hon. Caleb Luyai (Saboti, ODM): Thank you, Hon. Temporary Deputy Speaker. The CS for Agriculture, Livestock and Fisheries needs to focus more on our land and its use because we have had misplaced priorities on how we are developing our land that is fertile and conducive for agricultural activities. That land is being used for real estate. We need to have a policy that will regulate land use in this country, so that we also promote and safeguard our agriculture as a key economic sector of our nation. We have been talking about other countries that we were at par with like Singapore and South Korea. We also need to look at the potential of our country not only in terms of the natural resources that we have but also in terms of our talents. We have brain drain. How do we tap into our Kenyans who go abroad and sell their potential in terms of their talents? We have those who play soccer. We had the World Cup recently and the winner which was the French team comprised mostly of Africans. We also need to look at a potential of a nation and how to safeguard our talents in areas of education.

The countries which we talk about like Singapore have invested heavily in education and scientific research.

(Technical hitch)

That is why we have countries which are performing better than us and yet we were at par with them. They have invested in other areas like education and scientific research which we, as a nation, has ignored.

I beg to support the Motion.

The Temporary Deputy Speaker (Hon. Christopher Omulele): The Member for Muhoroni, what is out of order?

Hon. Onyango Oyoo (Muhoroni, ODM): Hon. Temporary Deputy Speaker, your seat is that of power. We thought you gave the Member the consideration to contribute for one minute but the Member was contributing to this Motion like it was on real time. I was reminding you that Members are defying you quietly and undermining your authority.

The Temporary Deputy Speaker (Hon. Christopher Omulele): Hon. Oyoo, I cannot hear you clearly.

Hon. Onyango Oyoo (Muhoroni, ODM): I am saying that you gave a consideration of one minute extension to the Member, who has just sat down, but you forgot and he began contributing as if it was his real time.

(Laughter)

The Temporary Deputy Speaker (Hon. Christopher Omulele): Very well. You caught the favour of the Speaker but it is all well. Hon. Members, there is a lot of interest in this Motion. Hon. Waluke, it is your time to reply and as per our customs and ways of doing things, you have a choice. You may wish to donate some time to some of these Members. The Floor is yours to reply.

Hon. John Waluke (Sirisia, JP): Thank you, Hon. Temporary Deputy Speaker. Before I reply, I have my few colleagues here like Oyoo who want to contribute. I will give Hon. Oyoo two minutes; Hon. David Mboni, the Member for Kitui Rural, three minutes; Hon. Hulufu two minutes and Hon. (Dr.) one minute.

Thank you, Hon. Temporary Deputy Speaker.

The Temporary Deputy Speaker (Hon. Christopher Omulele): Which Hon. (Dr.) is that? Is it Hon. (Dr.) Oundo?

Hon. John Waluke (Sirisia, JP): Yes.

The Temporary Deputy Speaker (Hon. Christopher Omulele): Very well.

Hon. Onyango Oyoo (Muhoroni, ODM): Thank you very much, Hon. Temporary Deputy Speaker. I also want to extend my appreciation to my good friend, Hon. Waluke, for considering me. I am very grateful to him because this is a very serious Motion. He was very busy badmouthing senior people in this society but by coming up with a very good Motion, I support him. I had an opportunity to travel outside lately. I want to thank the Hon. Speaker. I went to Botswana and together with other Members, we convinced the President to come and visit us. You realise what serious people who think seriously can do to push forward the economy of their country.

Botswana officials came here for benchmarking and they implemented what they saw here. Today, apart from mining which is their major income earner, meat processing in Botswana is a major financing venture. We want to thank them. Singapore and Malaysia have been mentioned here. They are countries which our founding father, Mzee Jomo Kenyatta, loaned some little money in thousands of dollars. Every view that has been expressed here should go on record. The Committee which is tasked with implementation must follow up the Motions we pass here and make sure that the policies that are in good Motions like this one by Hon. Waluke are implemented to the letter. That is the only way we can improve the economy of this country.

Otherwise, I want to thank Hon. Waluke very much for bringing this Motion. I urge the relevant committee which is tasked with implementation to ensure that once we pass it, it is implemented.

The Temporary Deputy Speaker (Hon. Christopher Omulele): Hon. Mboni, you have the Floor.

Hon. David Mboni (Kitui Rural, CCU): Thank you very much, Hon. Temporary Deputy Speaker and Hon. Waluke for giving me the few minutes to contribute to this Motion.

In 2017, the Government launched a National Trade Policy which was aimed at enhancing export growth through value addition in export oriented manufacturing and justification to fully exploit the export opportunity in emerging markets. At the same time, the Trade Remedies Act was also enacted to address unfair trade practices from imports which have negative impact to our industries resulting to wide trade deficit.

A trade strategy was launched three weeks ago. If you look at all this, you will realise that they are trying to address our trade deficits. Last year, our trade deficit was Kshs1.1billion. Our balance of payments moved from a positive of Kshs16.9 billion to Kshs103 billion negative. This means that we are creating demand and employment in other countries and denying our country demand and employment. We need to really work on this so that we can see our country develop. One measure we need to do is to move from traditional exports like tea, coffee and *miraa* to minerals. We need to explore our minerals. This country does not lack minerals. We have a lot of oil in Turkana and other areas. We also have limestone and iron ore in Kitui and other areas. In fact, data on titanium shows that presently we export Kshs16 billion worth of titanium yet it is a mineral we started exporting recently. So, we need to focus on minerals so that we can earn from their sale.

We also need to move from our traditional markets to emerging ones. We have markets in Asia, Brazil, Russia, India and China. We need to think about our neighbour Ethiopia. It is a very big market of over 60 million people. We need to fast-track the Lamu Port, South Sudan Ethiopia Transport (LAPSSET) project. We need a pipeline from Turkana to Lamu to export the oil. We also need a railway from Nairobi to Moyale to export our manufactured goods to Ethiopia.

The Temporary Deputy Speaker (Hon. Christopher Omulele): Hon. Mboni, you only had three minutes. I know you have a lot to say, but, unfortunately, time has caught up with you. Hon. Hulufu, you have two minutes.

Hon. Hassan Hulufu (Isiolo North, KPP): Thank you, Hon. Temporary Deputy Speaker. I also thank the Mover for donating part of his time.

I support the Motion and the amendment on the aspect of providing incentives to pastoralists and fisherfolk. We need to ask ourselves why we have a huge trade deficit. We do not export in large quantities and probably what we export does not earn us enough because it is raw materials rather than finished products.

I would like to focus on the livestock sector specifically on the leather sub-sector. Agriculture contributes 26 per cent to the GDP. Therefore, if we have to bridge the gap, we must invest in value addition of agricultural products: crop, livestock, fish and so on. In the Big Four Agenda, we have value addition to leather as a key focus of manufacturing. Unfortunately, while this subsector focuses on the Big Four Agenda, as we speak today, the people I represent in this House, throw away hides and skins because they do not fetch good prices when they decide to sell them. This is despite the potential of leather to create 50,000 jobs and increasing earnings of between Kshs150 million to Kshs250 million. We need to make proper investments in this subsector. We need to borrow a leaf from Ethiopia, which strategically invested in the leather subsector in 2005. They now earn more than what they were earning at the beginning of the process of making the strategic investment, which was at 16 per cent. The shoes they produce are...

The Temporary Deputy Speaker (Hon. Christopher Omulele): Yes, Hon. Dr. Oundo.

Hon. (Dr.) Wilberforce Oundo (Funyula, ODM): Thank you, Hon. Temporary Deputy Speaker. I take this opportunity to sincerely thank Hon. Waluke, first, for giving me an opportunity to assist him in replying to the Motion, and more importantly for bringing these issues we probably talk about off-record to be ventilated on the Floor of the House. I assure him that as Members of the Departmental Committee on Trade, Industry and Co-operatives, we will mainstream the discussions with the relevant Ministry so that we see how much we can do to actualise the many policies that have been put in place to support and facilitate trade in the

country. I also want to assure him that the Committee will seriously interrogate the growing trade deficit among our key trading partners to find out where exactly the problem lies. But from my position as the Member of Parliament for Funyula, I recall, with nostalgia, that many years back we used to trade with Uganda. We used to export finished products to Uganda and they would bring us raw materials. The tide has changed and it is now the other way round. We must find out when the rain started beating us.

Thank you, Hon. Temporary Deputy Speaker.

The Temporary Deputy Speaker (Hon. Christopher Omulele): Hon. Waluke, you have only two minutes.

Hon. John Waluke (Sirisia, JP): Thank you, Hon. Temporary Deputy Speaker. I thank all the Members who have contributed to the Motion. I am sorry for those who came late. There will be another time.

The Government should stop cheap imports like furniture that are brought into this country. I am always proud of the furniture in this august House from top to bottom. When people visit, they always ask where the materials came from. These are local materials. The furniture was made by the Kenya Prisons and the Kenya National Youth Service. So, the Government should support institutions such as these ones to avoid importing furniture and save a lot of money. The Government should also support the *Jua Kali* sector because it employs many youths. It should also reduce the cost of raw materials.

It is important for the nation and the House to note that Kenya will not be able to re-pay its foreign debts if the issue of trade deficit is not addressed properly and balanced.

I thank the Government and the President for trying to revive industries like KICOMI, RIVATEX and Malaba/Malakisi Ginnery which collapsed many years ago.

Hon. Temporary Deputy Speaker, pursuant to the provisions of Standing Order No.33 (3), I beg that you defer putting the Question until another time due to lack of quorum.

I thank you, the Clerk's Office and everybody else who contributed to and supported the Motion. I beg to reply.

The Temporary Deputy Speaker (Hon. Christopher Omulele): Well done, Hon. Waluke. Members who have participated in the Motion have done well too.

I accede to your request that the Question be put next time the matter is set up in the Order Paper. I, therefore, direct we move to the next business.

(Putting of the Question deferred)

BILLS

Second Readings

THE NATIONAL HOSPITAL INSURANCE FUND (AMENDMENT) BILL

The Temporary Deputy Speaker (Hon. Christopher Omulele): Hon. Wangwe had requested that this Order be deferred. I, therefore, direct that the business be deferred to such a time it will be set up for consideration.

(Bill deferred)

Next Order!

THE ANTI-CORRUPTION AND ECONOMIC
CRIMES (AMENDMENT) BILL

The Temporary Deputy Speaker (Hon. Christopher Omulele): Hon. Ndindi Nyoro, you have the Floor.

Hon. Ndindi Nyoro (Kiharu, JP): Hon. Temporary Deputy Speaker, I beg to move that the Anti-Corruption and Economics Crimes (Amendment) Bill, (National Assembly Bill No.6 of 2019) be now read a Second Time.

I introduce the Bill as an amendment to our Anti-Corruption and Economics Crimes Act. I propose to amend Section 48. Currently, in our laws on the fight against corruption, there is a threshold of the penalty in terms of fine and imprisonment. My Bill seeks to increase the penalties. Currently in the Act, the prescribed penalty is that a person convicted of an anti-corruption and economic crime offence is liable to a fine not exceeding Kshs1 million or imprisonment for a term not exceeding 10 years. My Bill seeks to increase the penalty. Instead of a fine not exceeding Kshs1 million, we are amending to a fine not less than Kshs1 million. As for imprisonment for a term not exceeding 10 years, we are opening that to not less than 10 years. As you could have noted, our country currently is grappling with these crimes which hurt our economy in a great manner.

As you know, corruption is two sided: the supply side and the demand side. Therefore, what my Bill seeks to do is to instill a bit of fear in those who may wish, think or contemplate tampering with public resources. Our country is very rich. We are a country with a lot of resources. I think our country can survive very well on surplus without borrowing any money from outside. Since you are also a Kenyan, and I am sure you see things, most of the public resources end up in private pockets without rendering any service to the taxpayers and the Kenyan people, who actually work very hard. It is on this basis that it is upon us, as leaders, to streamline how we spend public resources in a manner that gives utility to the people who should actually enjoy public resources.

On the issue of demand and supply, most of the corruption in our country happens through procurement. It is two-pronged in terms of procurement because there is the contractor and the public officer who awards a tender through a procurement process. Most of the demand for corruption comes from public officials. We have very many gifted business people in this country, but for you to do business with the Government you have to oil some hands. It is upon us, first of all, to curtail corruption on the demand side, because we will have dealt with the majority of corruption cases in our country.

There are two propositions in the fight against corruption in any country. One seeks to appeal to the patriotism of the people of the country, and especially public officers. This has worked in various jurisdictions especially where people actually love their country. In our country we are so mechanical that everyone minds their own business. Therefore, in a country like ours we have to appeal to the other area, which is to instill fear in those people who would imagine engaging in corruption and economic crimes. I am borrowing this from several countries.

In Singapore around 1986, there was a Minister in charge of Housing, Teh Cheang who was appointed by the then Prime Minister, Lee Kuan Yew to oversee the housing project in Singapore, a country that is now enjoying over 90 per cent home ownership. That Minister

engaged in collecting bribes from around 1982 to around 1983 to the tune of US\$1 million. The Singaporean equivalent of the EACC started going for the Minister. Since he was the friend of the Prime Minister, he started reaching out for help in a way of patronage. However, President Lee Kuan Yew told him to, first, finish the business with the equivalent of the EACC of Singapore and then look for him afterwards. That Minister could not stand the embarrassment that came about with that kind of grave matter. Therefore, the gentleman committed suicide for embarrassing the Government of Lee Kuan Yew. As we all know, such a thing cannot happen in our country.

In this country, instead of committing suicide, people who engage in those kinds of crimes are promoted to higher offices by either the populace or the governance system. It is, therefore, upon us to engage with each other on the issue of strengthening the penalty with the aim of instilling fear to people who would like to engage in these kinds of crimes.

There are countries which have done very well in terms of combating corruption, especially by enhancing the penalties for such offences. Members may be aware that the immediate former President – who is a daughter of the founding President of South Korea, Ms. Park – is currently serving a jail term of 25 years for engaging in corruption activities of less magnitude than what we see happening in our country. I am just citing examples of some countries that have gone the route I am proposing. Also, some years back, people who were engaged in corruption in China were shot in public and their families were made to pay for the cost of the bullets. The countries I am citing have realised positive results from enhancement of penalties for corruption offences.

Hon. Temporary Deputy Speaker, as we contemplate enhancing the penalties for corruption offences, we have to look at the genesis of corruption itself. This is because it happens even in Kenya. A lot of corruption happens on the basis of patronage and on the basis of clientelism. What I mean is that much of the corruption that happens in Kenya is a result of people misusing the offices they occupy. Several economic scenarios have shown that there is a clear correlation between a weak state and prevalence of corruption.

There is a direct correlation between the existence of a very weak bureaucracy and the level of corruption in a country. We need to strengthen the bureaucracy that is charged with the fight against corruption. Such institutions cannot be strong if they are not independent enough. Patronage and clientelism is perpetuated by the people with power. Therefore, even as we debate this matter, going forward, we need to look at the issue of strengthening our bureaucracy holistically. The Office of the Director of Public Prosecutions (DPP), the Ethics and Anti-Corruption Commission (EACC) and the Director of Criminal Investigations (DCI) have to rise to the occasion and purpose to be independent so that even as we come up with stiffer penalties, the conveyor belt of corruption can be clean and independent enough so that such penalties can only be meted out to people who deserve them – the people who engage in stealing public resources.

We also have to throw the ball to the Judiciary. This is because we can streamline all the other areas...

The Temporary Deputy Speaker (Hon. Christopher Omulele): Hon. Ndindi, you have been caught up by time. You have a balance of 20 minutes in moving your Motion. The Bill itself will have a balance of three hours 20 minutes when it is set down for consideration again.

ADJOURNMENT

The Temporary Deputy Speaker (Hon. Christopher Omulele): Hon. Members, the time being 1.00 p.m, this House stands adjourned until this afternoon at 2.30 p.m.

The House rose at 1.00 p.m.