

The GLOCEPS

Commentary Today

Foreign Policy Pillar

Geopolitical Competition for East Africa's Blue Economy: Kenya's Struggle to Stay Ahead of Tanzania

Peter Mbutia



Photo Credit: Kenya High Commission, United Kingdom

Currently, there is increased geopolitical competition within the blue economy domain in East Africa, where Kenya and Tanzania are the sole hosts of East Africa's largest ports. This competition has the potential to displace Kenya's dominance and strategic interests in the region's blue economy. Additionally, Kenya's failure to effectively exploit her blue economic potential costs the economy over Kshs 440 billion annually in losses. Whereas Tanzania seems to be moving faster in terms of harnessing blue economic opportunities, Kenya's focus is dulled by her internal politico-economic dynamics. These distractions are likely to diminish the country's attractiveness to her investors. With Tanzania's swift infrastructural development, landlocked states in the region, including Uganda, Rwanda, and Burundi, are likely to shift trade routes to Dar es Salaam. Therefore, if Kenya does not deliberately focus on realizing her blue economy projects, her share of the vast opportunities may be reduced, favoring Tanzania.

Both states are looking to secure shipping interests of land-locked neighbouring states to

grow their economies. Tanzania's Bagamoyo port is among the largest ports in the region, located 75km from Dar es Salaam, connecting it to Mwanza port via rail. On the other hand, Lamu port, her competitor, is located 300km from Mombasa which serves as the train cargo station for goods headed to her landlocked neighbours. These logistical differences weigh in on the advantage of infrastructural development that the respective countries may leverage to persuade Uganda, Rwanda, Burundi, and South Sudan, among others.

The improvement of air transport networks within the East Africa region is significant in advancing the region's blue economy. This is influenced by the expansive tourism opportunities brought about by the exploration of marine resources, which has attracted a large number of foreigners seeking to experience and invest in it. Tanzania is currently upgrading her airport infrastructure to meet the capacity demand to improve her services and appeal to global airlines. Kenya, on the other hand, has yet to do the same for her international airport, it is faced by irregular delays that still push away her customers and investors. This failure is attributed to widespread corruption and internal



Photo Credit: World Bank



mismangement of resources that continues to hinder the country's economic pursuits. On the other hand, Tanzania continues to make positive strides eliminating such malpractices, hence enhancing her regional competitiveness through transparent procedures and efficient transport facilities. For example, in April 2023, President Samia dismissed the Tanzania Government Flight Agency director-general after uncovering an inflated price invoice for an aircraft designed to capitalize on Africa's rapidly expanding freight demand.



Photo Credit: Karibu Africa Safaris

Kenya and Tanzania possess similar geostrategic and economic characteristics, especially after Tanzania embraced capitalism. Both countries equally leverage upon their maritime access to the Indian Ocean and Lake Victoria. Both countries enjoy vast tourism resources. These include beaches, wildebeest migrations across Maasai Mara and Serengeti, and luxury cruises along Lake Victoria. Water sports such as boat racing and deep sea fishing are income-generating activities that attract foreigners to Mombasa and Zanzibar. Kenya's earnings from the Lake Victoria are however limited by its small territorial share of the water body, which accounts for only 6%, while Tanzania has jurisdiction of over 49%. Therefore, there is stiff competition between the two states in attracting trade opportunities from their landlocked neighbours. Amidst this economic race, Kenya seems slow to instituting necessary economic reforms that would maintain and attract prospective investments, possibly granting her a competitive edge over her neighbor, Tanzania. On her part, Tanzania

appears more deliberate in enhancing transparency and efficiency within her maritime domain which continues to endear the regional market towards the Dar es Salaam port.

Historically, from 1948 to 1977, the East African Railways and Harbours Corporation (EAR&H) greatly coordinated transport along Lake Victoria. This outdated regional company operated two inland ferries across the lake, MV Umoja and MV Uhuru, before it split into separate national railway companies. Kenya was left to run MV Uhuru, while Tanzania got the other ship. Both ships conducted their trips separately, till 2002 when MV Umoja sustained irreparable damage while MV Uhuru suspended its operations in 2007 respectively. By April 2021, Tanzania had expedited the repairs on MV Umoja and had already resumed operations. This was two months' head start before the launch of a reinvigorated MV Uhuru in Kisumu.

Additionally, Tanzania is currently running ahead of Kenya with the launch of the region's most significant domestically manufactured water passenger and cargo ship, the MV Mwanza Hapa Kazi Tu, on Lake Victoria, in February 2023. This new vessel, which has a capacity of 400 tonnes of cargo, is expected to provide a substantial transport and trade network on L. Victoria. It will link Jinja and Portbell in Uganda, Kisumu in Kenya, and Mwanza, Bukoba, and Musoma in Tanzania. This will consequently cut into Kenya's blue economy share as Tanzania intends to transit



Photo Credit: Business Insider Africa

Tanzania largest Fresh water Yacht in East Africa





Photo Credit: Mv-Uhuru-II Kenya Shipyards Limited

regional cargo for landlocked countries from Dar es Salaam port via rail and then through Lake Victoria from Mwanza to Jinja, Bukoba, Entebbe, and Kisumu. Strategically, the network's higher speed and affordability will cut off Mombasa port from Uganda, Rwanda, Burundi, and Eastern DRC. However, the upcoming launch of Kisumu's MV Uhuru II vessel in May 2023, is set to rival the Tanzanian ship. This KES 2.4 billion vessel has the capacity of 1800 tonnes worth of goods and an estimated capacity of 2 million litres of crude oil in one trip. More such investments need to be done to improve Kenya's competitiveness.

In conclusion, Kenya's shortcomings to exploit her blue economy potential has provided Tanzania a strategic advantage, attracting landlocked countries and investments towards her competitive maritime sector. Kenya should, therefore, urgently focus on improving her internal socio-political distractions and policies to maintain and improve her prospects of enhancing her regional competitiveness within the blue economy sector. Additionally, the revival of Kenya's Lake Victoria piers such as Kendu Bay, Sori, and Mbita, should be a priority focus in realizing the lake's blue economy potential, coupled with the exploration of new routes including to Remba, Mfangano and Ringiti islands. Also, more investments should be directed towards the boat making trade of small vessels including canoes and dhows. This will not only compliment the operations carried out by existing ships, but also increase employment opportunities for people residing close to the lake. With adequate

support, Kenya could be a lucrative ship yard sought after within the region due to her capacity and capability to build quality vessels. Lastly, the Kenyan government should fast track the completion of the Lamu port and modernize the existing ports, enhancing their efficiency and capacity in response to the increasing cargo demand at the coast.

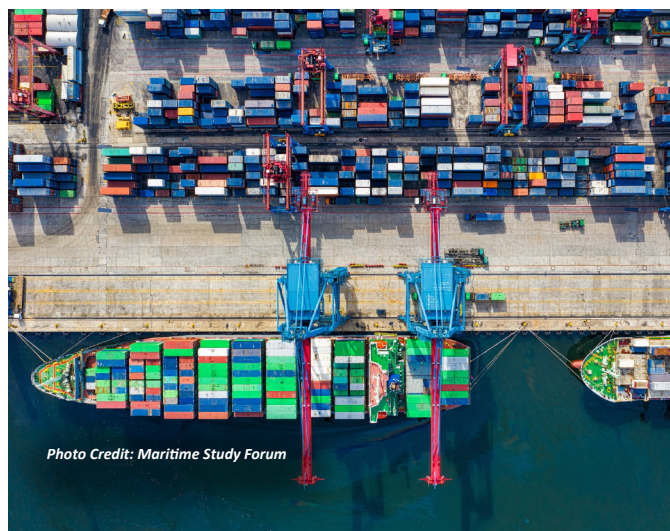
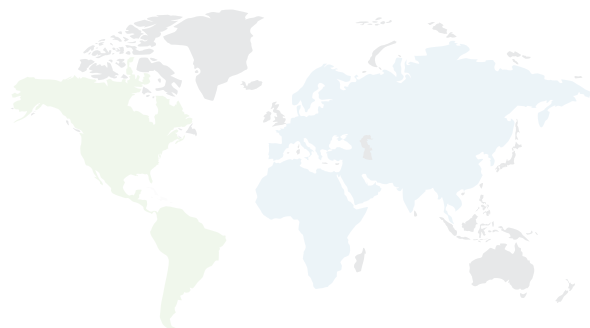


Photo Credit: Maritime Study Forum



Peter Mbutia is the GLOCEPS Graduate Trainee for Foreign Policy Pillar.



THE GLOBAL CENTRE FOR POLICY AND STRATEGY
(GLOCEPS)

Research | Knowledge | Influence

Off Kiambu Road, Nairobi Kenya
P.O. Box 27023-00100, Nairobi.
Telephone: 011 2401531
Email: info@gloceps.org
Web: www.gloceps.org

