ABSTRACT

This study aims to determine the cointegration of wheat imports and its determinants in Kenya. To achieve this objective, annual time series secondary data from 2000 to 2019 was utilized. The time frame was considered because it was during this period that wheat imports in Kenya skyrocketed. Data was collected from national and international published sources. The findings of the Auto-Regressive Distributed Lag-Error Correction Model (ARDL-ECM) analysis shows that wheat imports in Kenya are determined by the tariff, relative prices and ending stock in the long run. In the short run relative price was the main determinant that influenced wheat imports in Kenya. It was also realized that wheat imports in Kenya are inelastic to its determinants. Therefore, the study recommends that policymakers should embrace policies that increase the competitiveness of domestic wheat production in Kenya to tap the multiplier benefits that can be realized from the wheat sector. This can be done by embracing modern and efficient production technologies.

Keywords: ARDL model, Kenya, Time series, Wheat Import Demand, Error Correction Model.