

ABSTRACT

The objective of our study is to investigate the key factors that determine maize import volumes in Kenya. To achieve this objective, we used time series secondary data from FAOSTAT, World Bank and World Trade Organization (WTO) for the period 1963 to 2016. We consider this period to be long enough to allow us to accurately capture the domestic maize price patterns before and after the onset of maize market reforms in Kenya. Our econometric analysis of the time series data using an error correction version of Autoregressive distributed lag model shows that maize import volume is determined by trade openness, domestic price of maize and gross domestic product in the long run. In the short run, the results show that maize import volume is determined by exchange rate, lag of exchange rate, lag of maize import volume and production. The findings suggest that to reduce overreliance on maize imports, effective management of macroeconomic environment should be stimulated to create a favourable environment for improving domestic maize production so as to discourage a surge in maize imports and at the same time improve the country's food security.

Keywords

Import, Maize, Autoregressive Distributed Lag Model, Kenya