

BREXIT: UK-AFRICA Trade

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UK – Africa global context

Africa – 54 countries combined account for 5.1% of global GDP;

Three economies dominate - Nigeria, Egypt and South Africa accounting for almost 50% of Africa's global GDP;

UK on other hand accounts for 2.4% of global GDP;

Relationship dates back to colonial era and currently through the EU- Africa relationship (Cotonou Agreement and the EPAs);

UK in process of exiting the EU (BREXIT) – This has profound geopolitical, economic, and social implications for Africa - bilaterally (UK – Africa) and inter-regionally (EU-Africa)

Focus on trade & Investment

Since 2009 Africa has maintained a trade surplus with the UK, at its peak in 2012, Africa exported more than US\$ 30 billion worth of goods which was equivalent to 5% of its global exports;

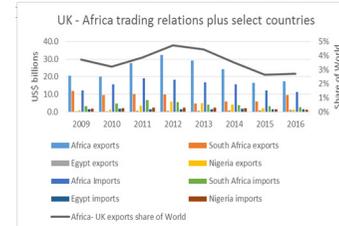
Three main economies dominate both in terms of exports and imports, with South Africa as the UK's top trading partner;

Of the 54 African countries only 10 account for over 90% of total exports to the UK, while the UK exports over 80% of its goods to only 10 countries;

In terms of product composition, UK exports mainly value added manufactured goods to Africa while Africa exports mainly primary based goods to the UK with Precious stones, mineral fuels and agricultural products accounting for the bulk of exports;

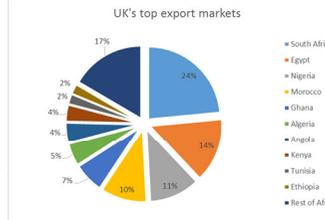
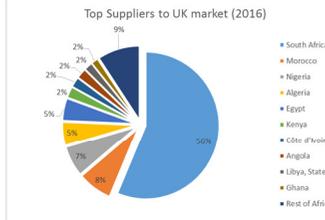
In terms of FDI, UK outward investment to Africa was pegged at £42 billion in 2014 compared to a mere £3 billion inward fdi from Africa – South Africa (29%) was major recipient of outward fdi; Fdi mainly in mining, quarrying & financial services

Trade at a glance (infographs)

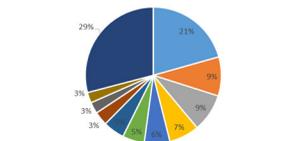


Note the importance of South Africa as a major trading partner to the UK – 56% exports to UK accounted for by South Africa

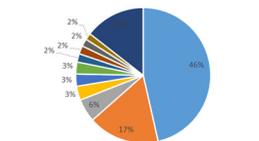
UK exports to Africa valued at US\$ 11.3 billion in 2016



UK Top 10 exports to Africa (2016)



Africa's top Exports to UK



Africa exports to UK valued at US\$ 17.6 billion in 2016

Sources

Ansorg, N. Haastrup, T. 2016. *Brexit Beyond the UK's Borders: What It Means for Africa*, GIGA Focus Africa, Number 03, September 2016 | ISSN 1862-3603

Office for National Statistic - *The UK's trade and investment relationship with Africa: 2016*; [online];

<https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/articles/theukstradeandinvestmentrelationshipwithafrica/2016>

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UN ITC TradeMap

Acknowledgments

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BREXIT

In the wake of BREXIT;

Uncertainty around renegotiating trade agreements especially the EPA which could take years;

Loss of preferential market access currently enjoyed by African countries will have serious implications on trade. Africa's agricultural exports will seriously be affected by high tariffs;

South Africa which exports 56% of Africa's exports to UK may be affected especially its exports of table grapes; citrus; and wines;

In event of a recession in UK, major trading partners – South Africa, Egypt, Nigeria and to a certain extent Kenya will feel the brunt;

A recession in the UK may also affect the country's ability to fulfil its development aid commitments as the UK may focus on strengthening trade relations than helping those most in need.

EU-led support for the African Peace and Security architecture will be affected financially.

Brexit challenges the European integration project and the EU's credibility in promoting regional integration.

BREXIT also presents learning opportunities for the process and pace of regional integration in Africa.

Further information

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