

---

# African Trade and Integration in a Post-Brexit World

Brendan Vickers  
Trade Division

Presentation to the launch of the Centre for Trade and Regional Integration  
Pretoria, South Africa  
30 March 2017



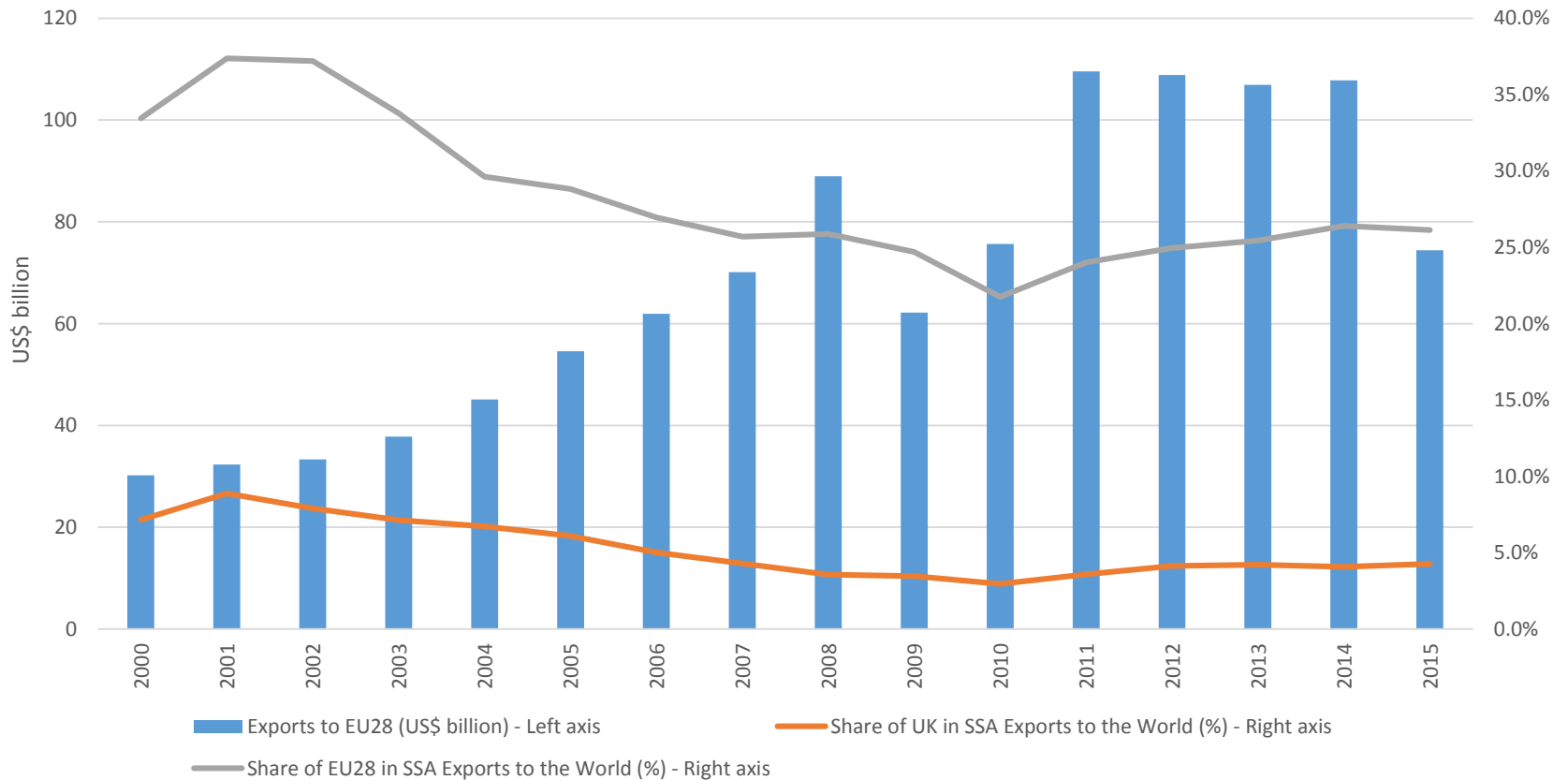
## Why important?

- UK and EU27 are important trade partners (EU is Africa's single #1 trading partner)
- UK and EU are important investment partners
- UK and EU are key development cooperation partners, especially supporting regional integration:
  - UK meets 0.7% ODA target, largest G7 multilateral donor of AfT to Africa, Regional Infrastructure Programme, bilateral programmes;
  - UK DFID's Economic Development Strategy (2017) prioritises trade and seeks more coherent AfT;
  - EU's EDF, EU-Africa Infrastructure Trust Fund, EPA implementation programmes, where applicable.
- But GBP depreciation (10-20% since June 2016 referendum) impacting on exports/aid/remittances received from UK

## UK-Africa trading relations at a crossroads...

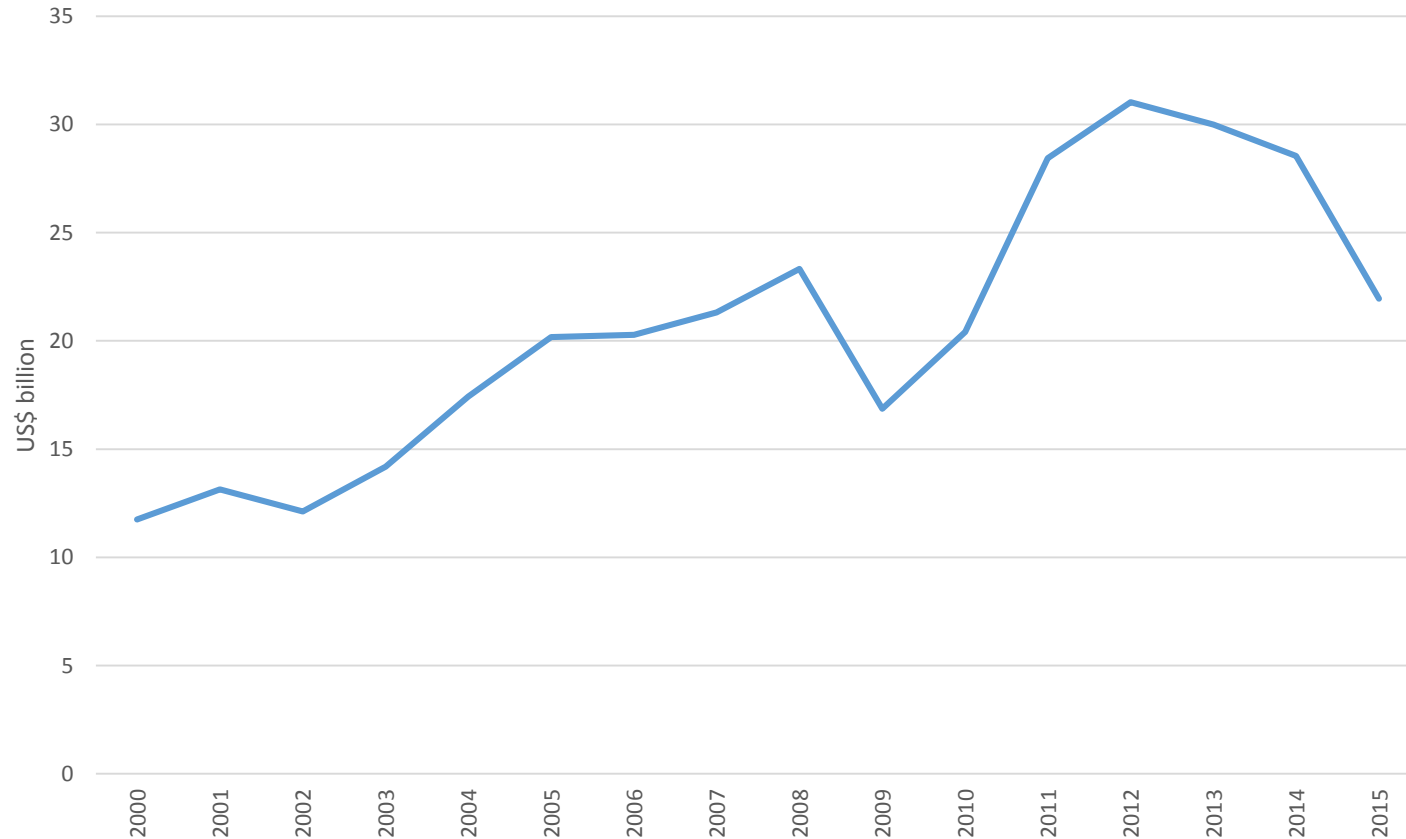
- For more than 4 decades now UK-ACP trade has been governed through EU policies, most recently: GSP, EBA for LDCs, post-Cotonou EPAs (e.g. CARIFORUM EPA)
- Brexit appears to unsettle a part of EPAs involving EU and SSA countries
- Five regional EPAs in SSA at different stages of finalisation or implementation (e.g. SADC EPA implemented on 10 Oct 2016).
- Upon formal exit from the EU, all rights and obligations will cease to apply and the UK will devise its own trade policy
- UK White Paper seeks new strategic partnership with EU, including comprehensive FTA and new customs agreement with EU
- With Article 50 triggered, vital that UK reassures SSA and LDCs of same favourable market access (i.e. EBA and EPAs) post Brexit.
- Reassurances of trade continuity are imperative for investment decisions and future planning.

## SSA's Merchandise Exports to the EU (2000-15)



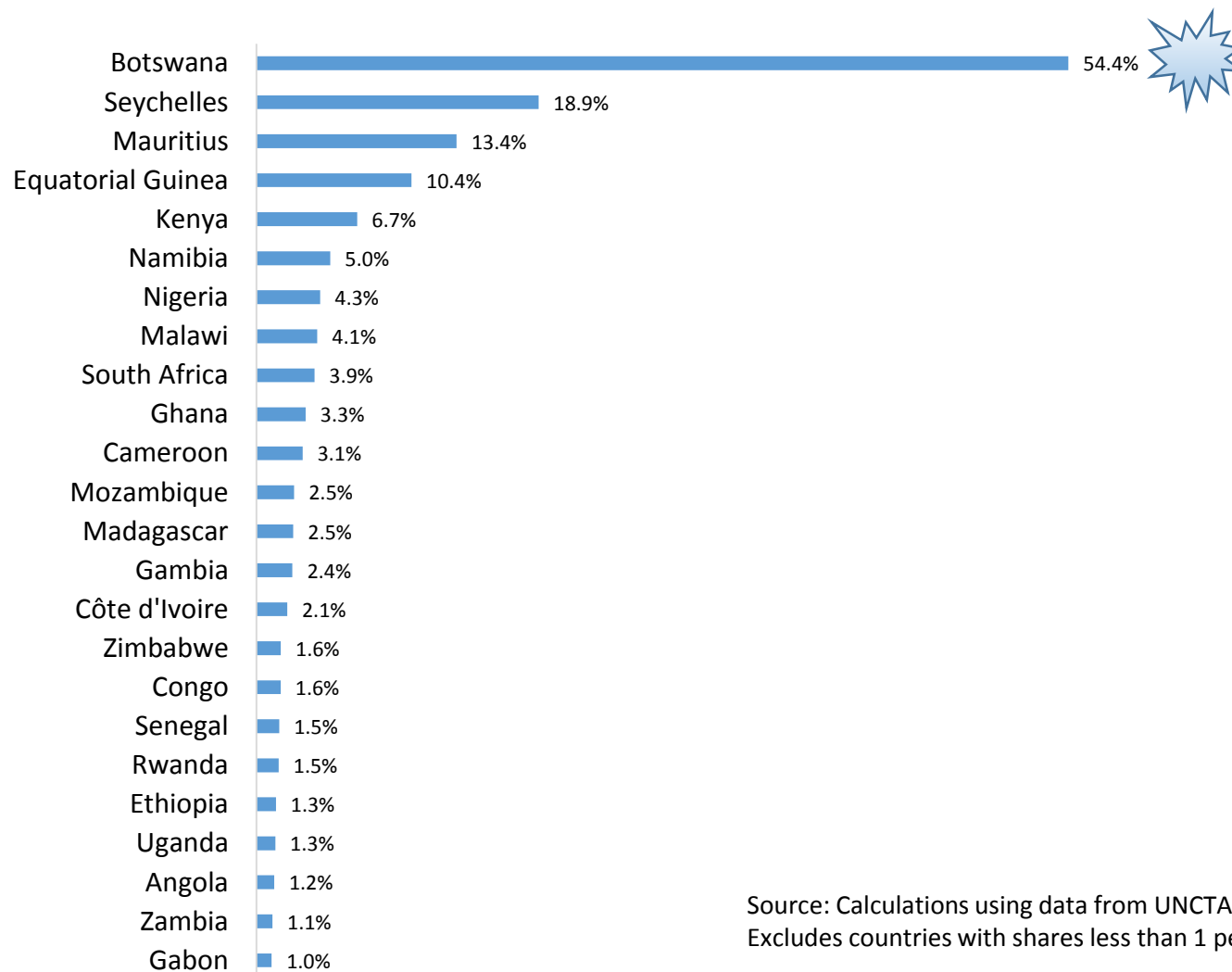
Source: Calculations using data from UNCTADStat

## SSA's Total Trade with the UK (US\$ billion), 2000-15



Source: Calculations using data from UNCTADStat

## UK Share of SSA's Goods Exports to World (%)



Source: Calculations using data from UNCTADStat  
Excludes countries with shares less than 1 per cent

## UK Share of EU Imports from SSA (2013-2015 avg.)

UK % of EU imports	SSA Country
More than 40%	Botswana, Seychelles
Between 30% and 40%	Equatorial Guinea, Gambia
Between 20% and 30%	Kenya, Mauritius, South Africa
Between 10% and 20%	Ghana, Malawi, Nigeria, Rwanda, South Sudan, Zambia
Up to 10%	Angola, Benin, Burkina Faso, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Congo, Congo DR, Cote d'Ivoire, Djibouti, Eritrea, Ethiopia, Gabon, Guinea, Guinea-Bissau, Lesotho, Liberia, Madagascar, Mali, Mauritania, Mozambique, Namibia, Niger, Sao Tome and Principe, Senegal, Sierra Leone, Somalia, Sudan, Swaziland, Tanzania, Togo, Uganda, Zimbabwe

Note: Share of EU market may be influenced by exports of just a few high-value products over this period

Source: Eurostat COMEXT

## Product-specific significance of the UK market for SSA

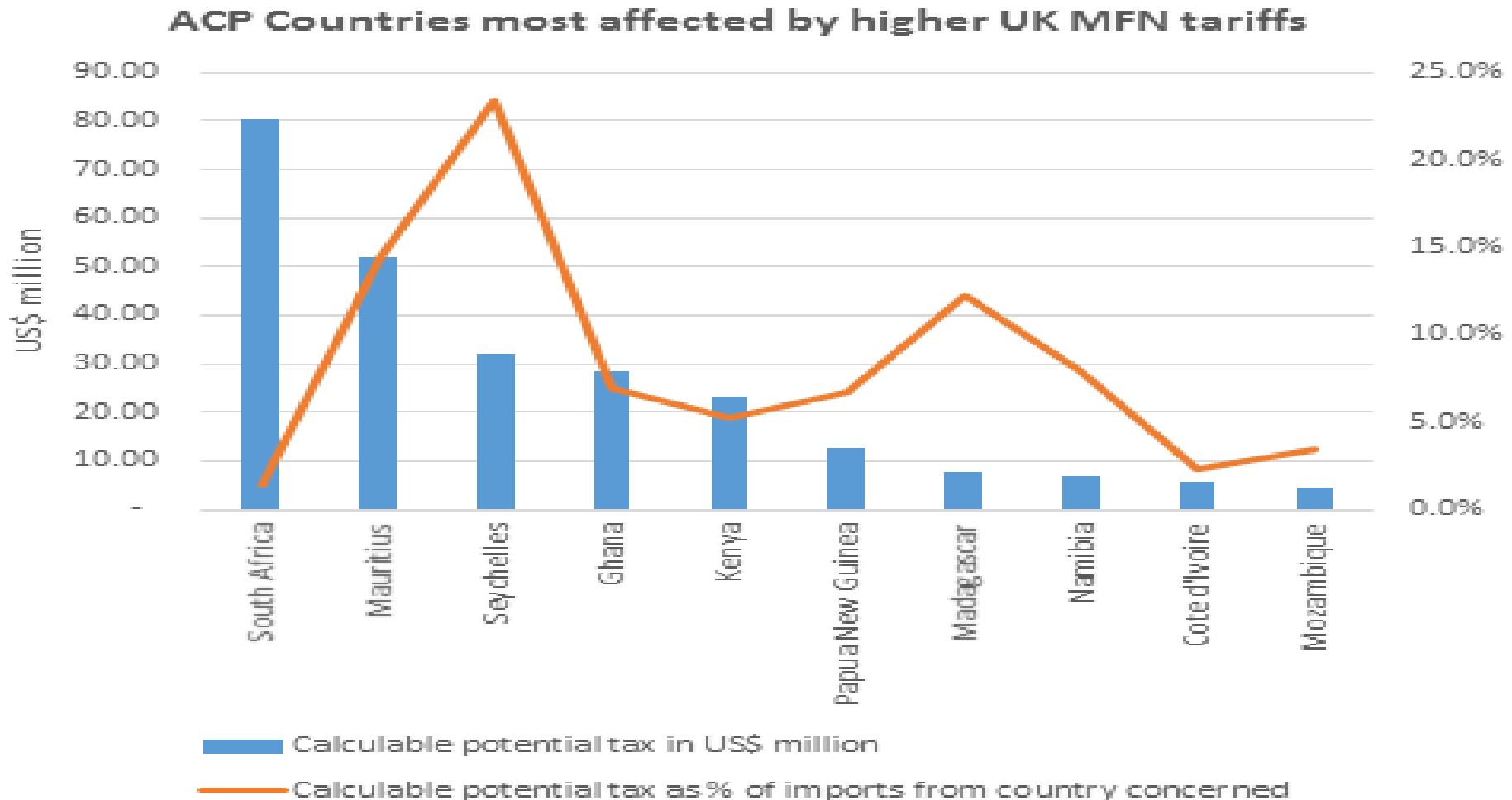
- **2607** - no. of SSA products at CN-8 digit level exported only to the UK in the EU
- **US\$192** million earned
- **167** SSA products, each generating export revenues of **at least US\$100,000** exported to the UK market alone
- The UK is a niche market for specific products in certain countries, e.g. fresh vegetables, beef, fish products, tea, coffee, citrus, floriculture, gold and precious metals, etc.



## Post-Brexit arrangements with the UK

- Most SSA exports to UK benefit from duty and quota-free access under the EBA scheme for LDCs or EPAs, where signed (except SA in the EU-SADC EPA)
- If no equivalent treatment post-Brexit, products entering the UK market would face higher MFN duties
- US\$734 million - potential 'calculable' import duties that could be applied on ACP states
- Arguably 'small' overall effect, but significant and disproportionate consequences for certain sectors are likely
- MFN playing field will impact on SSA's export competitiveness

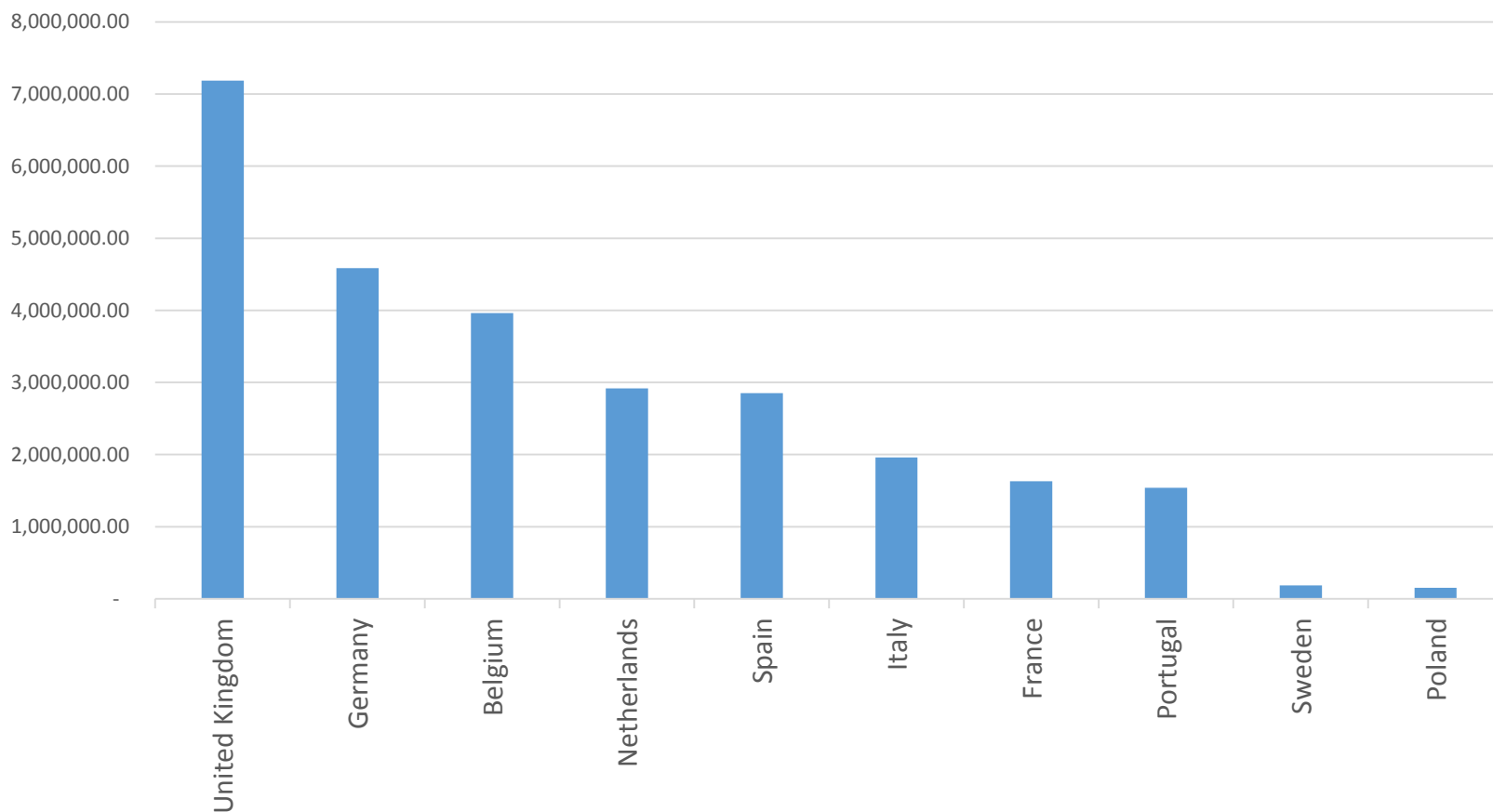
## Worst Affected ACP Countries Affected by Potential MFN



## Post-Brexit options for UK-SSA trade

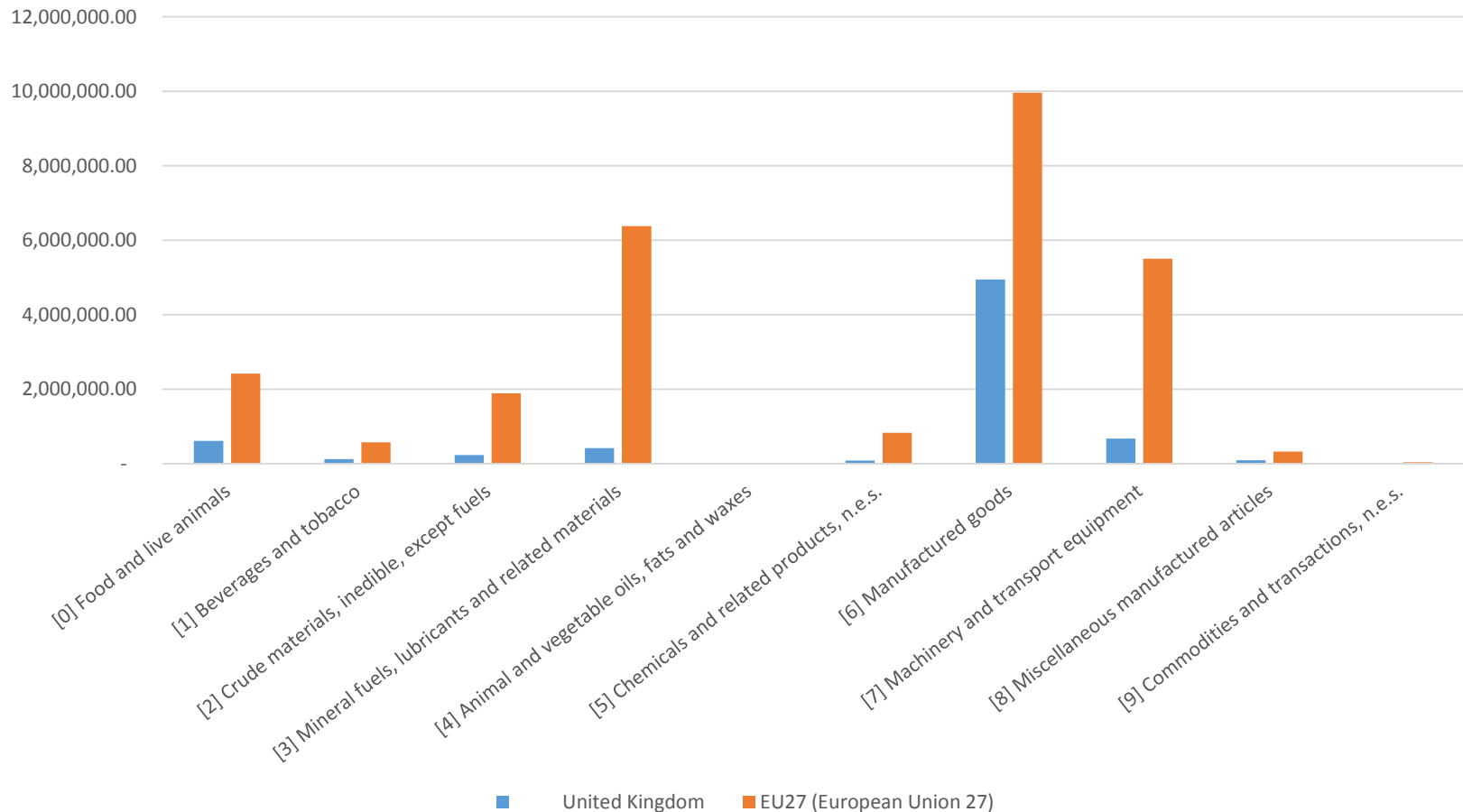
- For LDCs: the UK's own GSP regime similar to EBAs
  - But UK can make certain improvements – Rules of Origin
  - Inclusion of preferences in services
- Can the UK install EPA-replicas for non-LDCs?
  - EPAs have no provisions for accession by new European members
  - Some – like SADC EPA – *could* provide ready template to 'lock in' market access and negotiate remaining issues for goods trade (quotas, SPS, etc.)
  - But is this desirable given EPA experience?
- Any lessons to learn from EPA processes?
  - Question of reciprocal market access for LDCs – EAC EPA, etc.
  - Compromised regional integration processes in SSA
  - EPAs-minus-UK may upset balance of commitments
- Transitional arrangements?
  - UK could offer unilateral preferences - WTO compatibility (e.g. AGOA)
  - EPA signatories could temporarily extend status quo to UK post-Brexit
  - Medium to long-term trade relationship

## Top 10 Markets for SADC EPA Exports (US\$), 2015



Source: Calculations using data from UNCTADStat

# SADC EPA Export Composition to UK and EU27 (2015)

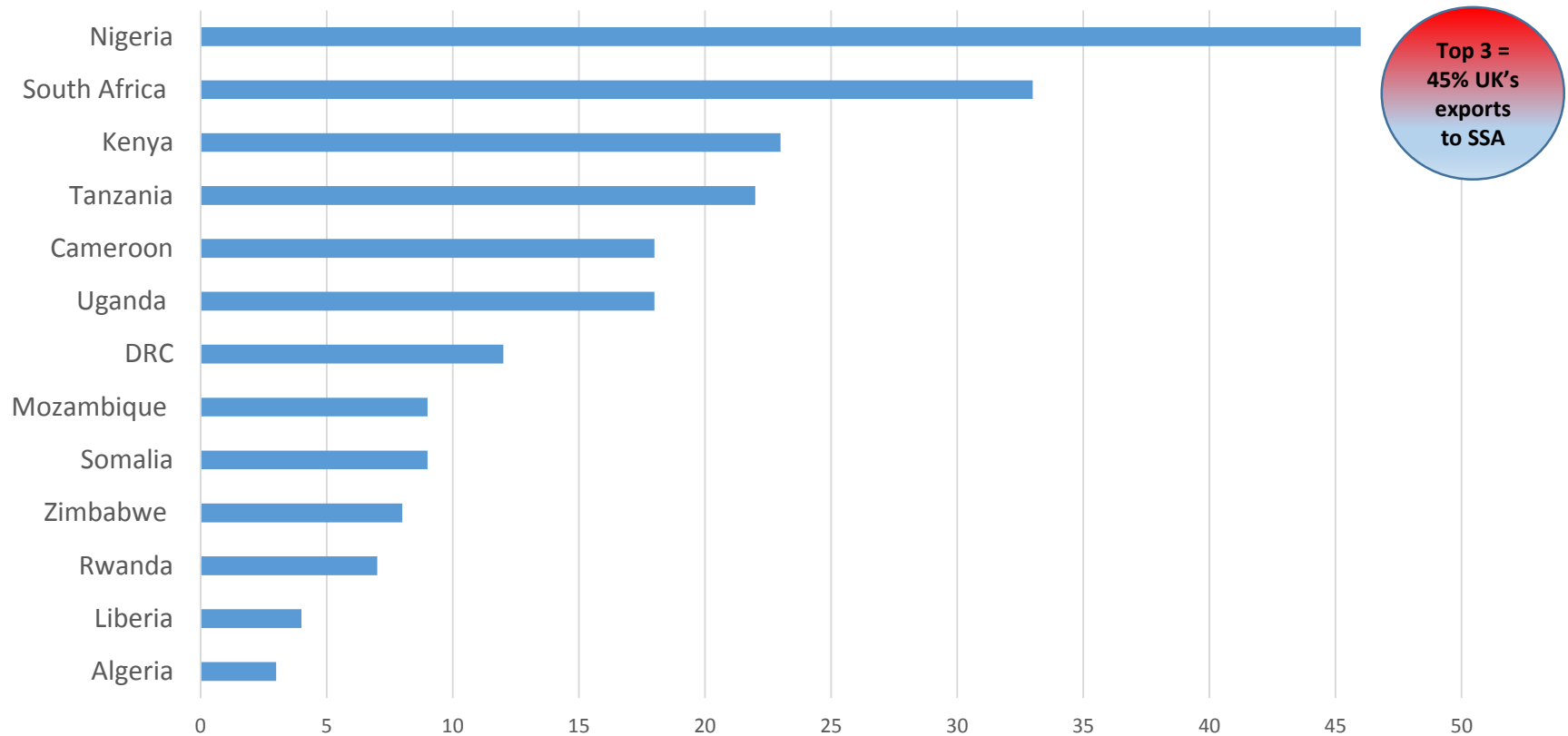


Source: Calculations using data from UNCTADStat

## Strengthening UK's Development Role Post-Brexit

- DFID's Economic Development Strategy - trade is core; need to match up trade and development priorities
- The UK's strong commitment to trade and development support for ACP countries: provided 0.7% of GNI as ODA
- Strong advocate and leading donor of AfT > US\$1 billion a year to assist ACP countries
- But GBP depreciation...
- Highest level of multilateral AfT disbursement
- Bilateral AfT to Africa up to US\$790 million (2014)
- Projects - TradeMark Southern/Eastern Africa, West Africa Regional Integration Programme, Regional Infrastructure Programme for Africa, Trade Advocacy Fund,
- UK's Africa Free Trade Initiative

## UK Bilateral AfT: Top African Recipients (2011-14 avg.)



Source: APPG (2016) Inquiry into the UK's Free Trade Initiative in Africa

---

# Thank you

**Dr. Brendan Vickers**  
Economic Adviser, International Trade Policy  
Commonwealth Secretariat  
London

[b.vickers@commonwealth.int](mailto:b.vickers@commonwealth.int)

