

# UK-Africa Trade Post-Brexit: Lessons from the Economic Partnership Agreements

## 1. Continued access to the United Kingdom market is a concern for many African countries.

The United Kingdom is an important trading partner for Africa. In 2015, the United Kingdom market absorbed 4.3 percent of Africa's total exports, and accounted for 12.4 percent of African exports to the European Union. Currently African countries access the United Kingdom market through preferential arrangements of the European Union, including Everything But Arms (covering 32 countries) and asymmetric free trade agreements (17 countries) such as the Economic Partnership Agreements.

The Brexit process has raised legitimate concerns in African countries over the trading arrangement between Africa and the United Kingdom after the latter formally leaves the European Union. A possible interruption in market access is a threat in particular to those countries, which rely heavily on the United Kingdom market. To solve the issue of continuity in market access, it has been proposed that the United Kingdom could replicate the Economic Partnership Agreements.

## 2. Standstill in the Economic Partnership Agreement processes is proposed to allow for the finalization of the Continental Free Trade Area.

In the meantime, the African Union Commission is advising African Ministers of Trade to call for a standstill – holding things as they are – on the Economic Partnership Agreement processes until the finalization of the agreement to establish the Continental Free Trade Area. The proposal is based on the following arguments:

1. *Intra-African trade has been identified as a tool for enhancing structural transformation on the continent*, due to its more diversified nature and promotion of regional value chains. Therefore concluding the agreement on the establishment of the Continental Free Trade Area – estimated to boost intra-African trade by 52 per cent – should be the priority for African countries in terms of trade policy.
2. Modelling work undertaken by the Economic Commission for Africa has shown that while the Economic Partnership Agreements result in trade gains for both the European Union and the African countries, the gains are larger for the European Union and the benefits to African countries focus on non-LDCs and a few non-industrial sectors. The agreements would also have a negative effect

on intra-African trade. However, *implementing the Continental Free Trade Area before the full implementation of the Economic Partnership Agreements would offset these negative impacts*. The gains to the European Union would be mostly preserved.

3. To date the Economic Partnership Agreements are still largely unimplemented, while the first stage of Continental Free Trade Area negotiations is close to conclusion. There is, therefore, *a strong case for the strategic sequencing of these agreements and a standstill in the Economic Partnership Agreement process* until the finalization of the Continental Free Trade Area.
4. Further research on the provisions of the five African Economic Partnership Agreements has also pointed to key differences between the agreements, which limit their potential to support Africa's structural transformation objectives. In particular, *the incompatibility between the various cumulation provisions under the agreements' rules of origin may serve to limit regional value chain development*. Going forward, the Continental Free Trade Area may provide a common framework for the harmonization of the provisions of the African Economic Partnership Agreements, leveraging on the opportunities and progress under the agreement for the establishment of the Continental Free Trade Area.

### **3. United Kingdom should look to implement a more coherent approach for market access for African countries.**

In planning for the post-Brexit trade relationships with Africa, the United Kingdom should exercise caution and avoid strategies that go against Africa's regional integration priorities and the trends in its external trade relationships. In particular, it would not be advisable to base the relationship between Africa and the United Kingdom on agreements that the European Union and the African countries are likely to re-evaluate.

Brexit also offers an unprecedented opportunity for Africa and the United Kingdom to explore options for an improved and more mutually beneficial future relationship. The Economic Commission for Africa and the African Union have proposed that once in place, the Continental Free Trade Area will make African countries better positioned to move towards a harmonized relationship with European Union, through a consolidated and coherent single Africa-European Union free trade agreement. A continental-wide approach should also be applied in Africa's negotiations with the United Kingdom, to avoid the pitfalls the fragmented approach to the Economic Partnership Agreements has caused. It is also an opportunity to move beyond a focus on preferences, and more effectively address issues related to standards, rules of origin, services liberalization, investment promotion, technical assistance and capacity building, industrial provisions and policy space.



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