

UK Africa Trade

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The UK-Africa trade relationship is historically significant and continues to evolve, reflecting both longstanding ties and new economic opportunities. The trade between the two regions is shaped by the UK's post-Brexit trade policy, Africa's economic growth, and emerging global dynamics. Below is an overview of the key aspects of UK-Africa trade:

1. Historical Context:

- The UK's trade with Africa has deep roots, particularly due to its colonial past. Several African countries were former British colonies, and these historical ties have influenced trade, investment, and political relationships.
- After African countries gained independence, the relationship became more commercially oriented, but it retained some elements of development assistance, political alliances, and preferential trade agreements.

2. Post-Brexit Trade Relations:

- The UK's departure from the European Union (Brexit) marked a shift in its trade policies. Previously, UK-Africa trade was governed by EU agreements, such as the Economic Partnership Agreements (EPAs) and the Generalised Scheme of Preferences (GSP).
- Post-Brexit, the UK sought to establish its own trade agreements with African nations, either replicating the EU's existing deals or negotiating new ones to ensure continuity and expansion of trade. The UK launched the **UK Generalised Scheme of Preferences (UK GSP)** to replace the EU's GSP, offering duty-free or reduced-tariff access for many African exports.

3. Key Trade Agreements:

The UK has established trade agreements with several African countries and regional blocs, including:

- **Economic Partnership Agreements (EPAs)** with regions like:
 - The **East African Community (EAC)**, covering Kenya (since Kenya was the only EAC country to sign the UK-EAC EPA in 2020).
 - The **Southern African Customs Union (SACU)** and **Mozambique**, through the **UK-Southern Africa EPA**, which replicates the EU-SADC EPA.
- The **UK-Ghana and UK-Côte d'Ivoire EPAs** aim to secure continuity of trade, especially in key sectors like cocoa, fruits, and oil.

4. Major Exports from Africa to the UK:

Africa exports a range of raw materials, agricultural products, and minerals to the UK. Key exports include:

- **Minerals and Precious Metals:** Gold (from South Africa, Ghana), platinum, and diamonds.

- **Agricultural Commodities:** Cocoa (from Ghana and Côte d'Ivoire), tea (from Kenya), coffee, and fruits (like bananas and avocados).
- **Energy Resources:** Crude oil from countries like Nigeria and Angola.
- **Textiles:** Some African countries, particularly in East Africa, export textiles and apparel to the UK, though the volume remains relatively small compared to other regions.

5. Major UK Exports to Africa:

The UK exports a range of finished goods and services to African countries, with key sectors including:

- **Machinery and Transport Equipment:** Cars, trucks, and construction machinery are significant UK exports to Africa.
- **Pharmaceuticals and Chemicals:** The UK exports pharmaceuticals, chemicals, and medical supplies to African markets, particularly to countries with less developed manufacturing sectors.
- **Engineering and Financial Services:** London remains a hub for financial services and consultancy, with UK firms providing banking, insurance, and legal services across Africa.
- **Education and Training Services:** The UK is a key provider of education services to Africa, including through universities, online courses, and training programs.

6. Trade Volumes and Trends:

- In 2021, total trade in goods and services between the UK and Africa was worth approximately **£33 billion**. While this figure is relatively small compared to Africa's trade with other regions like China or the EU, it represents an important part of the economic relationship.
- The top trading partners of the UK in Africa include **South Africa, Nigeria, Kenya, Egypt, and Ghana**. These countries account for a significant portion of the trade volume.
- **South Africa** remains the UK's largest trading partner in Africa, with substantial exports of vehicles, machinery, and services, while importing metals, wine, and fruits.
- **Nigeria** is a key market for the UK's oil and gas sector, and in return, Nigeria exports crude oil to the UK.

7. Investment and Economic Ties:

- Beyond trade, the UK is also a major investor in Africa. British companies have long-standing investments in sectors like mining (especially in South Africa), oil and gas (notably in Nigeria), agriculture, and financial services.
- The UK has positioned itself as a partner for Africa's development, with initiatives like the **UK-Africa Investment Summit**, held in January 2020, which aimed to boost investment in African infrastructure, technology, and renewable energy projects.

8. Key Initiatives and Development Programs:

The UK supports African development through various aid and trade-related initiatives:

- **Aid for Trade:** The UK has been involved in programs designed to build infrastructure, reduce trade barriers, and enhance the competitiveness of African economies.

- **Trade and Investment Hubs:** The UK has established trade and investment hubs across Africa, including in South Africa, Nigeria, and Kenya, to foster business partnerships and increase bilateral trade.
- **Sustainable Trade:** In line with global sustainability goals, the UK is increasingly promoting green investment and sustainable trade partnerships with African nations, particularly in the renewable energy sector.

9. Challenges in UK-Africa Trade:

- **Market Access:** While the UK offers preferential trade terms to many African countries, non-tariff barriers such as standards, certifications, and logistics can limit market access for African exporters.
- **Infrastructure Gaps:** African infrastructure challenges, including transport, energy, and digital infrastructure, continue to affect the flow of goods and services between the UK and Africa.
- **Competition from Other Partners:** The UK faces increasing competition from other global powers, particularly China, which has dramatically increased its trade and investment footprint in Africa over the past two decades.

10. Future Prospects:

- **Diversification:** The UK is aiming to diversify its trade relationship with Africa beyond commodities, focusing on sectors like **technology, services, and renewable energy**.
- **AfCFTA:** The African Continental Free Trade Area (AfCFTA) presents new opportunities for UK businesses, as it creates a unified African market, facilitating smoother trade across African borders.
- **Post-Brexit Focus on Commonwealth:** The UK's efforts to strengthen trade ties with Commonwealth countries could also enhance trade with several African nations, many of which are members of the Commonwealth.

Conclusion:

UK-Africa trade is transitioning in the post-Brexit era, as the UK seeks to redefine its global trade partnerships. While historical ties provide a strong foundation, the UK is looking to modernize its trade with Africa by focusing on new sectors like renewable energy and technology.

However, the challenges of foreign direct investment, infrastructure, competition from other global powers and trade barriers remain, requiring ongoing collaborative efforts to fully realize the potential of the African continent and the Caribbean region alike.