

Submission from the Chair of the APPG Africa & Royal African Society to the Trade Bill Public Committee

Introduction

The Africa APPG is cross-party and cross-house active APPG with over 200 members and is one of the most active APPGs in parliament. It exists to further a positive and mutually beneficial relationship between the United Kingdom and the African continent and increase understanding of Africa within UK parliament. The APPG is supported by the Royal African Society which is a membership society that works to foster better understanding and strong relationships between Britain, Africa and the world. As the secretariat of the Africa APPG the RAS wholeheartedly supports the APPG submission to the committee. Due to constraints of time for preparation of this submission, the submission is from the Chair of the APPG for Africa, Chi Onwurah MP together with the Royal African Society.

In 2016 the APPG Africa focused on the future of trade and development cooperation relations in the transitional and post-Brexit period. The APPG undertook a study delegation to South Africa and Namibia in addition to commissioning a series of essays by distinguished experts, commentators and activists who explore the outcomes and lessons learned from EU trade agreements with African countries (Economic Partnership Agreements- EPAs) and their impact on poverty and development in Africa. This submission reflects the observations and conclusions of that inquiry and subsequent report published in February 2017 (available [here](#)).

Summary

- We believe that a post Brexit Britain could offer African countries mutually beneficial and fairer trade deals that would be better than the existing Economic Partnership Agreements (EPAs) made between individual African countries and the European Union (EU).
- Whilst we fully support the ambitions of the UK Government in this Bill to reduce uncertainty about trade relationships between Africa and the UK we believe this should be done by introducing interim non-reciprocal duty free and quota free preference schemes for Africa, Pacific and Caribbean (ACP) countries which already have an EPA, rather than passing statutory instruments to try and rollover former EU trade agreements into UK law.
- As such we feel the current Trade Bill should be amended (Clause 2 and Schedule 2 (ii)) to allow for greater parliamentary scrutiny over any future trade agreements between the UK and ACP (Africa, Caribbean and Pacific countries) which should be made via primary legislation and not statutory instrument to allow for proper parliamentary scrutiny.

1. Why the UK Government should not model future UK-Africa trade agreements on EPAs

Clause 2 of the Trade Bill gives the Government powers to change domestic legislation to ensure that “transitioned” trade agreements can be implemented quickly by statutory instruments without proper parliamentary scrutiny.

Given our reservations about EPAs (briefly laid out below), we are concerned that the Government has clearly stated that the aim is to establish a UK trade agreement with each partner country based, as closely as possible, on the corresponding trade agreement that country has with the EU. As such, we believe that the act should be amended to allow for proper

parliamentary scrutiny of future trade agreements, even if these are considered “interim” agreements.

a) There was little parliamentary oversight of the EPA negotiation process

The Africa APPG found that there was little parliamentary scrutiny from either side during the negotiation of the EPA agreements. The EPA negotiations were normally held behind closed doors by EU representatives, government officials and professional trade negotiators. Parliaments rarely have input into the process, with only superficial top line oversight of trade agreements. However, the consequences of EPAs are far reaching and impact on a wider range of policy areas including the ability of countries to enact their own economic policies, environmental protection, workers’ rights and dispute resolution and so parliamentary oversight of such agreements is crucial.

b) EPAs shrink development policy space of ACP countries

The development policy space of African countries has decreased because EPA liberalisation restricts the ability of African, Caribbean and Pacific states (ACP) countries to make their own development choices and industrialisation plans. In order to maintain their duty free access to the EU, the terms of the EPAs require ACP countries to open up most of their markets to liberalisation within a fixed time period. Although these countries have negotiated some leeway for specific protected industries, some least developed countries are concerned that a set time scale for liberalisation was problematic. For example, the APPG found that small Southern African Customs Union (SACU) countries could neither protect developing industries from global competition nor reach a stage where their manufactured goods could compete as exports.

c) EPAs sometimes had negative consequences for regional supply chains and development in smaller countries

For example, the EPA with countries of the South African Development Community (SADC) treated South Africa differently from other African countries within the SADC EPA. Unlike the other countries, South Africa has not been granted duty free access to the EU for its agricultural exports. South Africa had a free trade agreement with the EU before the EPA negotiations began. As the industrial giant of the region it makes it impossible for smaller SADC countries to create industries that add value to their products through manufacturing across borders. Today, as in the past, these smaller states provided labour and raw materials for South African industry and a regional market for South African goods. The EU rules of origin further reduce the ability of the smaller states in the region to develop their own supply chains and develop value-adding industries that meet EU standards without forfeiting their preferential duty free access to the EU. It was felt that the way in which EPAs had been negotiated had fragmented existing economic communities in Africa, especially within SADC which has been split up over numerous EPAs.

2. The importance of balancing parliamentary oversight with ensuring trade continuity over Brexit period

We are concerned that the powers under the Trade Bill (Schedule 2 (ii)) will be used to rush trade agreements modelled on EPAs through parliament without proper oversight and with potentially adverse impacts on the development of ACP countries. Parliament must be allowed time for formal parliamentary debate and civil society discussion so all parties are thoroughly consulted with each country involved.

However, it is crucial that we ensure that exports from African countries to the UK are not interrupted by the Brexit process. All stakeholders and submission to the APPG’s enquiry supported an interim generalised scheme of preferences or Everything but Arms arrangements for countries which

currently have an EPA with the EU. This should be a non-reciprocal duty-free and quota-free preference scheme.

The Africa Growth and Opportunity Act (AGOA) between African countries and the US is non-reciprocal and the WTO has recently granted a 10 year extension. It is likely that the UK would be allowed by the WTO to have a similar non-reciprocal interim trade arrangement with countries formerly covered by an EPA while replacement agreements are negotiated.

3. Conclusion

The Trade Bill (in particular Clause 2 and schedule 2(ii)) should be amended to allow for proper parliamentary oversight and scrutiny of future trade agreements, especially those involving ACP countries. Interim agreements should not be passed by statutory instruments but by primary legislation.

Concerns about continuity of trade with former EPA signatories can be dealt with through use of an interim non-reciprocal trade arrangement as agreed with the WTO. This will ensure continuity of trade with ACP countries whilst new trade agreements are negotiated and properly scrutinised.