LIONS ON THE MOVE:

A NEW GOLD STANDARD FOR UNITED KINGDOM AND SUB-SAHARAN AFRICA

IMPROVING CURRENT POLICIES AND BUIDLING SUSTAINABLE PARTNERSHIPS FOR FUTURE GROWTH

IBN Independent Business Network

Foreword – John Longworth, Chairman of the Independent Business Network

This report puts forward a positive vision of a new mutually beneficial relationship between the United Kingdom and Sub-Saharan African nations. It is a vision based on respect and conscious of historical relationships. It seeks to promote trade, commerce, and security as the core principles for future engagement.

The United Kingdom's independence from the European Union has been democratically won by millions of Britons who voted to leave the European Union. We must now ensure that independence is safeguarded and that the benefits of Brexit are realised.

We have an opportunity and responsibility to ensure that developing countries, many in Sub-Saharan Africa grow their economies. The United Kingdom has an important role to play in trading with these countries to boost their productivity, output and wealth. Similarly, the UK's expertise can be put to good use in those African economies to create jobs and opportunities for people here in the UK.

With a considerable community in the UK made of people from Sub-Saharan African countries we must seek to reap the rewards of such links and such opportunities. Similarly, many ex-pats can be found living in those countries with whom we wish to embark on a strong free trading future.

Many Commonwealth countries are in Sub-Saharan Africa. When the UK joined the Common Market under Edward Heath, we shamefully abandoned many Commonwealth nations with whom we had such longstanding relations. We now have the opportunity to renew those relationships and the Government should place as much emphasis on securing Free Trade Arrangements with Commonwealth Countries in Africa as they are with non-Commonwealth countries.

The European Union has failed to stand up to the malign influence of China in Africa. The Chinese Communist Party is pillaging Africa of its natural resources, harming the natural world, employing substandard working practices and unfair contracts. The UK must play its role in countering the influence of China in Africa in the interests of international democracy and global free trade based on fair competition.

We need the British Government to be actively working to support family run and or owned businesses to secure contracts in Sub-Saharan African countries. This needs to include practical measures as well as policy and strategy alterations to accommodate ease of trade and new partnerships.

The coming decade will be a defining moment in the UK's new relationship with Sub-Saharan Africa. Focused on the future, both the UK and African countries can enjoy a sustained period of growth, prosperity and wealth creation the likes of which we have not seen before.

Recommendations

1. UK should prioritise the development of broader, deeper trading relationships across sub-Saharan Africa. The region has some of the most economically dynamic countries in the world, a growing and young population, and a burgeoning middle class. The rate of returns on investments of expertise and capital in sub-Saharan Africa have the potential to outstrip Latin America, Europe, and even some parts of Asia too.

2. The UK is right to rollover current EU policies for trade with sub-Saharan countries for a limited period of time in order to safeguard their favourable access to the UK market and to provide certainty for businesses, consumers, and investors. Moving forward, though, the UK should look to radically improve upon the EU's offerings which have complicated regional integration and locked countries into unprofitable trade patterns.

3. Policymakers should look to set a new gold standard for trade with sub-Saharan countries by introducing a program of measures that are genuinely aligned with wider developmental goals; that promote sustainable partnerships; and that benefit consumers and businesses on all sides. This will fundamentally comprise the construction of a new preferences regime underpinned by 3 key principles: the removal of tariff and non-tariff barriers for goods from sub-Saharan countries; the enhancement of sub-Saharan regional integration; and the bolstering of partner countries productive capacities.

4. The new preferences regime should be as simple as possible in its design; be long-standing or permanent in its operation; and (whilst still compatible with World Trade Organisation rules) primarily benefit sub-Saharan countries through eligibility rules which favour them most. The new scheme should be ideally single-tiered and build on the best aspects of the EU's "Anything but Arms" program by extending duty-free, quota-free access to the UK market for sub-Saharan countries on the broadest possible basis.

5. As a compliment to a new preferences regime, UK policymakers should liberalise rules of origin. These rules should be as flexible as possible and the level of local content required on exports from beneficiary countries should be lowered from the EU requirement of 30 per cent in line with the World Trade Organisation's recommendations for Least Developed Countries of 25 per cent.

6. Longer term, the UK should renovate its 'aid for trade' offer by trialling payment by results schemes; strike up new partnerships and invest heavily in sectors with the greatest potential for future growth (telecommunications and renewable energy); and further promote the City of London as the financing hub of choice for businesses and projects across sub-Saharan Africa.

Introduction

Having left the European Union (EU), the United Kingdom stands at a new point of departure. Policymakers must renegotiate the basis of trading relationships with partners across the globe for the first time in more than 45 years. The challenges are immense. The stakes are high. Trade is the lifeblood of the UK economy and it matters for everyone. It fills cups with tea, satisfies craving for cocoa, and festoons fruit bowls with bananas. More fundamentally, trade creates jobs and affects the UK's ability to wield global influence and meet its international commitments. As the UK moves steadily toward a post-Brexit and post-Covid horizon, policymakers will need secure new arrangements for prosperity. The vast bulk of commentary and critical attention will turn naturally to the possibility of deals to be done with the EU and the United States. There is, however, an urgent and indubitable need to also attend to the prospect of striking new agreements with developing economies. Above all, those in sub-Saharan Africa. With its young and growing population, burgeoning middle-class, and swelling economy, sub-Saharan Africa is full of trading potential. Yet, in recent years the value of the UK's trade with the region has fallen precipitously. There is thus ample scope to think about ways to reverse this decline and so encourage a new birth of profitable partnerships for the advantage of consumers and producers in both locales.

The UK has re-emerged as an independent trading voice at a critical moment. The coronavirus pandemic has shattered livelihoods, there is growing tension between China and the West, and friction between the US and the EU (primarily over the taxation of digital companies) continues to rise. What is more, it is increasingly clear that individuals everywhere have lost faith in the global trade system and are convinced that it is not working as it should. As part of the EU single market and customs union, the UK had little control over its trading relationships. Now, relieved of those tethers, it has an historic opportunity to do things differently: to view trade as a means to an end (not just an end in and of itself) and to make inclusion, sustainability, and equity the hallmarks of its policy. As they work to construct fresh associations with businesses and governments across sub-Saharan Africa, policymakers must grab this chance to take this approach forward, thereby making the UK a pioneer of a new trading standard that genuinely works for the development of partner countries as well as for its own citizens.

This paper is consequently driven by one implicit question: how can the UK promote better, mutually beneficial trade with sub-Saharan countries post-Brexit? It is split into two overarching sections. The first comprises an outline of sub-Saharan Africa's general demographic and economic contours as well as the region's changing relationships with international partners since the turn of the millennium. In it, the challenges to trade and development across sub-Saharan Africa are considered along with the region's vast potential as an engine of future global growth. The declining value of the UK's trade with sub-Saharan countries since 2000 is also stressed, as is China's malign rise to become the predominant economic force in the region (with all its nefarious consequences). In section two, the policies and practices regulating trade with sub-Saharan countries to which the UK was party as a member of the EU are unpacked and their contortions laid bare. A broad framework for a new gold standard for the UK's trade with sub-Saharan

Africa – conceived to help build partner countries' industrial capacities and aid the competitiveness of their exports as well as satisfy the commercial desires of domestic consumers and businesses – is subsequently set out. This framework comprises a streamlined preferences regime for low and low-middle income countries (extending duty-free, quota-free access on the widest possible basis and liberalising rules of origin), a refreshed approach to 'aid for trade', and a long-term focus on driving deeper engagement with high-promise industries that could act as the cornerstones for trading relationships that stand to be significant for firms and citizens in the UK and sub-Saharan Africa for years to come.

At present, the precise trajectory of UK trade policy post-Brexit remains unclear. The UK government has indicated that it wants to build an agenda that works for all and is aligned with its commitments under the Sustainable Development Goals agreements. In practice, however, much of the government's rhetoric around post-Brexit trade has focused on how the UK can best secure leverage with its potential partners in order to shore up and maximise narrow commercial interests. This focus is, in a word, banal and betrays a capitulation to outdated ways of thinking about trade and its purpose that will ultimately leave untapped the huge potential inherent in promoting better trade between the UK and sub-Saharan countries. This paper brings attention to the enormous opportunity for the UK post-Brexit to reorientate itself when it comes to trade: to institute an avant garde revolution of policy that promotes trade for the development of stronger, more resilient partners in sub-Saharan Africa who are better able to manufacture, invent, and create value, and then (eventually) able to absorb UK exports under competitive terms of exchange.

Sub-Saharan Africa rising

The challenges

The constraints which have, to date, hindered growth and development in sub-Saharan Africa are manifold and well-documented. Post-Brexit, UK policymakers looking to cement broader and deeper trading partnerships with countries across the region must soberly acknowledge these difficulties as a necessary first step toward realising that goal. Without this accounting, any proposed framework setting-out a potential basis for the development of mutually beneficial relationships between the UK and sub-Saharan states would seem shallow in the extreme. Thus, whilst it is beyond the scope of this paper to fully map out the precise dimensions of all the issues at play – with all their many causes and trajectories – a brief overview of the obstacles to trade in sub-Saharan Africa is necessary.

There are, crudely, two 'clusters' or sets of challenges which have fettered the advance of business, innovation, and trade in sub-Saharan Africa. The first set of challenges are political. Sub-Saharan countries have, for example, featured regularly at the bottom of the Corruption Perceptions Index (published annually by *Transparency International* since 2012). The index ranks 180 countries and territories by their perceived levels of public sector corruption. Each country is given a score between 0 and 100, with a score of 0 indicting the presence of widespread corruption. In 2019, the average CPI score across Sub-Saharan Africa was just 32 (the lowest score of any region).[1] At the bottom of the index were Somalia (9), South Sudan (12), Sudan (16) and Equatorial Guinea (16). Only the Seychelles (66), Botswana (61), Cabo Verde (58), Rwanda (53), and Mauritius (52) registered scores higher than the global average (44).[2] Rampant bribery, the embezzlement of public funds by political elites, and the awarding of government contracts to sham companies, have combined to dent growth across the region.[3] Whilst definitive, up-to-date assessments are difficult to obtain, a 2002 African Union study estimated that corruption cost the region approximately $150 billion per year.[4] The ill effects of corruption in sub-Saharan Africa are made worse by the persistence of violent conflict.

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[1] By way of comparison, Western Europe and the European Union – the best performing region – achieved an average regional CPI score of 66. See *Transparency International*, "Corruption Perceptions Index 2019", Berlin (2020), p.3.

[2] Ibid., pp.2-3.

[3] See Jens Chr. Andvig, *Corruption in Sub-Saharan Africa and its Sources of Evidence*, Norwegian Institute of International Affairs, Oslo (2008).

[4] Stephanie Hanson, "Corruption in Sub-Saharan Africa", *Council on Foreign Relations*, 6th August 2009, https://www.cfr.org/backgrounder/corruption-sub-saharan-africa [accessed 30th June 2020].

According to the Global Peace Index (published annually by the *Institute for Economics and Peace*), 27 of the region's 44 countries became less peaceful, safe, and secure in 2019.[5] For the 10 worst performing countries by GPI score in 2019 – 4 of which were sub-Saharan African – the average yearly economic cost of conflict is thought to be equivalent to 35 per cent of GDP.[6] Regionally, the cost of violent conflict in 2019 was estimated to have been highest in the Central African Republic (thought to be equivalent to 42 per cent of GDP).[7] The twin evils of enduring corruption and violent conflict continue to erode political stability across sub-Saharan Africa. The Fragile States Index (amongst other publications) has consistently called attention to the vulnerability of several countries in the region to civil disharmony and collapse. As Augustin Kwasi Fosu and G.W. Willis have separated pointed out, this instability has inhibited the construction of vital infrastructure and increased the cost of doing business, discouraging foreign direct investment and, plainly, undermining economic growth.[8]

The second cluster of challenges to development, wealth creation, and trade in sub-Saharan Africa are logistical and infrastructural. With few exceptions, as the *World Economic Forum* notes, the extensiveness and condition of road networks in sub-Saharan Africa are poor by international standards. The inadequate quality of the region's port infrastructure was likewise called to attention by the *WEF* in its 2019 global competitiveness report.[9] Furthermore, as the *International Telecommunications Union* has found, many countries in sub-Saharan Africa also suffer from a perceptible digital gap with weak internet and mobile network coverage compared to countries in all other regions.[10] The effects of communications gaps are made worse by unstable energy systems and low rates of energy access. Sub-Saharan Africa has the lowest rate of energy access of any region globally. Electricity is thought to reach less than 50 per cent of the population. In 13 countries, less than 25 per cent of the population has access to non-traditional energy sources. In many rural areas, electrification rates are less than 10 per cent.[11] Logistics networks and physical

[5] *Institute for Economics and Peace*, "Global Peace Index 2019: Measuring Peace in a Complex World", Sydney (2019), p.17.

[6] Ibid., p.3.

[7] Ibid., p.3.

[8] J.J. Messner and Charles Fiertz et al, "Fragile States Index Annual Report 2020", *The Fund for Peace*, Washington D.C. (2020). Of the 50 countries with lowest the FSI scores 2020, 32 were Sub-Saharan African. See also Augustin Kwasi Fosu, "Political Instability and Economic Growth: Evidence from Sub-Saharan Africa", *Economic Development and Cultural Change*, vol.40 (1992), pp.829-41; G.W. Willis, *The Effects of Political Instability on Economic Growth: A Case for Sub-Saharan Africa*, M.A. thesis, Wright State University (1990).

[9] Of the 50 countries judged to have the poorest road coverage and quality in 2019, 18 were Sub-Saharan African. See Professor Klaus Schwab, "The Global Competitiveness Report 2019", *World Economic Forum*, Geneva (2019).

[10] According to an *ITU* survey in 2016, 13 of 20 countries with the poorest internet and mobile network coverage were Sub-Saharan African. See *International Telecommunications Union*, "Facts and Figures 2016", Geneva (2016).

[11] Jan Corfee-Morlot et al, *Achieving clean energy access in Sub-Saharan Africa*, Paris (2019); Stephen Karekezi, John Kimani, and Oscar Onguru, "EPAs and Liberalization of Renewable Energy Industry in Sub-Saharan Africa", in *Updating Economic Partnership Agreements to Today's Global Challenges: Essays on the Future of Economic Partnership Agreements*, eds. Emily Jones and Darlan F. Martí, The German Marshall Fund of the United States, Washington (2009), p.92.

infrastructure covering transportation, power, and communications facilitate growth through backward and forward linkages. Greater economic activity, enhanced efficiency, and increased competitiveness are hampered by inadequate transport, communication, and power systems. The world is eager to do business with sub-Saharan Africa, but often finds it difficult to access regional markets, especially in the interior, due to poor infrastructure.

The obstacles to development, economic growth, and trade in sub-Saharan Africa are profound. UK policymakers must be clear-sighted in recognising and accounting for them – constructing plans to help combat them where they can – if sustainable and mutually beneficially partnerships with countries across the region are to be realised post-Brexit. With that said, they must not allow the hackneyed image of sub-Saharan Africa as a backward, hopeless region cloud their vision. Despite the challenges, sub-Saharan Africa is a region on the rise. It is, bluntly, a cradle of potential and opportunity which the UK can ill-afford to ignore post-Brexit, and, which post-Covid must be realised.

An engine of world growth

In the second decade of the new millennium, the headline "sub-Saharan Africa rising" began to jettison discourses which portrayed the region as helpless and hopeless. The *McKinsey Global Institute*'s 2010 report "Lions on the Move: the progress and potential of African economies" (along with a slew of other publications) prompted a cautious but definitive reorientation of the narrative regarding the economic prospects of countries across the region.[12] It is now widely accepted that sub-Saharan Africa is a future engine of global growth.

The markers of this potential are plain for all to see. Fuelled primarily by a steady rise in private consumption by a burgeoning middle class, a productivity surge in the agricultural sector, oil exports, and increased public investment, regional GDP grew from $97.89 billion to $1.714 trillion between 2000 and 2018. There was significant heterogeneity in the growth paths of different countries across sub-Saharan Africa during this period. Non-resource-intensive countries (such as Ethiopia) grew on average nearly three times faster than oil exporters and other resource-intensive countries (such as Nigeria and South Africa). The diversity is also manifest within resource intensive and non-resource intensive groupings. There are wide differences across countries depending on their degree of diversification, their macroeconomic adjustment to the 2014 terms-of-trade shock, policy uncertainty, and debt vulnerabilities. This difference in performance stands among oil exporters too, with the more diversified economies experiencing higher GDP growth rates.[13] Nonetheless, despite global growth slowing, regional GDP grew at an annual average rate of 3.635 per cent, far outstripping the European Union (1.564 per cent). In 2018 (the most recent year for which there are complete figures) 18 of the world's 50 fastest growing economies were sub-Saharan

[12] Charles Roxburgh and Susan Lund et al, *Lions on the Move: the progress and potential of African economies*, the McKinsey Global Institute, San Francisco (2010).

[13] Ethiopia and the Cote D'Ivoire (non-resource intensive countries both) grew faster than China in every year between 2012 and 2018. See *The International Monetary Fund*, "Regional Economic Outlook Sub-Saharan Africa: Navigating Uncertainty", Washington (2019), pp.4-5.

African. Prior to the Covid-19 outbreak, Sub-Saharan Africa's comparatively stark upward economic trajectory looked set to continue at pace into the 2020s with regional growth predicted to be between 4 per cent and 5 per cent in the medium term.[14]

Sub-Saharan Africa's economic expansion has accompanied sustained demographic advances. Between 2000 and 2018, the size of the region's population increased from 665 million to 1.078 billion at an annual average rate of 2.715 per cent.[15] What is more, sub-Saharan Africa's population looks increasingly youthful. The region is currently home to approximately 211 million young people aged between 15 and 24. That figure, however, is expected to rise by 89 per cent over the next 30 years, meaning that by 2050 one-third of the global youth population will belong to sub-Saharan Africa.[16] Crucially, since the turn of the millennium, life expectancy across the region has been steadily rising, as have the numbers of people living in urban areas, per capita incomes, adult literacy levels, and primary school enrolment rates. There is, in short, a demographic dividend in sub-Saharan Africa waiting to be fully realised. The region's rising population is healthier, better educated, and more able to access and engage with the consumer market than ever before. If structural challenges can be overcome, this dividend promises to propel the region's economic growth yet further.

Sub-Saharan Africa is brimming with promise. There are massive opportunities for the United Kingdom to increase its trade with sub-Saharan countries across a range of sectors which, if seized wisely, could help individuals and businesses on both sides climb the ladder toward greater prosperity. Yet, in recent years trade between sub-Saharan countries and the UK has regrettably diminished whilst countries across Asia (notably China) as well as peer economies within the EU (such as France and Germany) have successfully increased the value of their trading relationships across the region.

The UK has fallen behind

Although the UK has maintained a strong investment presence in sub-Saharan Africa, the value of its trade with the region has dwindled since 2000. As a percentage of its total market, the UK is exporting less to and importing less from countries across sub-Saharan Africa than it was at the turn of the millennium. Despite the economic and demographic dynamism of countries such as Ghana, Rwanda, Kenya and the Cote d'Ivoire, the value of the UK's trading relationships in the region now languishes firmly behind that of several competitor economies in the EU and Asia (most notably China).

[14] These figures are taken from data held by the World Bank. See https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?end=2018&locations=ZG&start=2010 [accessed 2nd July 2020].

[15] Compare this with the EU's population which, over the same period, grew at an annual average rate of just 0.216% from 429,328,624 to 446,786,293 (much of which may be accounted for by the accession 13 countries, including Croatia and Bulgaria, to EU membership. These figures are taken from data held by the World Bank. See https://data.worldbank.org/indicator/SP.POP.TOTL?locations=EU-ZG [accessed 2nd July, 2020].

[16] These figures are taken from the United Nations Department of Economic and Social Affairs. See https://www.un.org/development/desa/youth/wp-content/uploads/sites/21/2019/08/WYP2019_10-Key-Messages_GZ_8AUG19.pdf [accessed 2nd July, 2020].

The UK has performed especially poorly in the export of goods to the region. According to figures produced by the World Bank, the UN Statistical Commission, and the World Trade Organisation (WTO), the value of goods exported by the UK to sub-Saharan Africa countries barely increased from $4.668 billion to just $6.945 billion between 2000 and 2018. Over the same period of time, the value of goods exported by Germany to the region, for instance, increased from just $5.182 billion to $12.949 billion. Even the Netherlands and Belgium, with comparatively smaller economies, outperformed the UK, increasing the value of their goods exports to sub-Saharan Africa from $1.55 billion to $8.84 billion and from $1.49 billion to $8.11 billion between 2000 and 2018.[17] Although for each of the EU 27 their percentage share of the total value of goods imported into the region decreased between 2000 and 2018, the shrinkage of the UK's proportional stake has been marked, tumbling from 7.05 per cent to 2.54 per cent.

The fall-off in trade flows between the UK and sub-Saharan Africa since 2000 has been stark by comparison with European peers. It has, however, been thrown into sharpest relief by the rise China as the pre-eminent trading power in the region (as well as globally). China's accession to the WTO in November 2001 helped to catapult the Communist state to the pinnacle of world trade, overtaking Germany in 2009 to become the world's leading exporter.[18] Following the formation of "the Forum on China–Africa Cooperation" in 2000, China's relationship with African countries has deepened significantly. By 2009, China overtook the Unites States of America to become Africa's largest trading partner.[19] Between 2000 and 2018, China's percentage share of the total value of goods imported by sub-Saharan countries rose from 3.67 per cent to 16.47 per cent (which is over six times higher than the UK's percentage share).[20]

China's rise has generated a mass of opportunities and risks for countries in sub-

[17] See https://wits.worldbank.org/CountryProfile/en/Country/SSF/Year/2018/TradeFlow/EXPIMP/Partner/GBR [accessed 1st July, 2020]. In, for instance, Ghana, Rwanda, and the Cote d'Ivoire (3 countries with GDP grow rates in excess of 6 per cent) at least one EU country featured in each of their top ten sources of imports in 2018. The UK, meanwhile, did not even make it into any of their top twenty-five. See https://www.ft.com/content/633ad6b8-3b8d-11ea-a01a-bae547046735 [accessed 30th June, 2020].

[18] Faizel Ismail, 'The Changing Global Trade Architecture: Implications for Africa's Regional Integration and Development', *Journal of World Trade*, vol.51:1 (2017), p.3.

[19] Witney Schneidman, "2015: A Pivotal Year for Obama's Africa Legacy", in *Foresight Africa: Top Priorities for the Continent in 2015*, The Brookings Institution (2014), p.45. FOCAC has met every three years at ministerial and presidential levels. At the 6th FOCAC, held in Johannesburg in December 2015, China's President Xi Jinping announced a large package of support that covers the areas of industrialisation, agricultural modernisation, infrastructure, financial services, green development, trade and investment facilitation, poverty reduction and public welfare, public health, people-to-people exchanges, and peace and security.

[20] These figures were compiled the World Bank, the United Nations Statistical Commission, and the World Trade Organisation. See https://wits.worldbank.org/countrysnapshot/en/SSF [accessed 1st July, 2020].

Saharan Africa. It has, most evidently, created huge openings for businesses across the region to export their commodities at higher prices into the Chinese market, propelling its growth rates. In many ways, however, it has also been incredibly problematic. As Faizel Ismail has pointed out, sub-Saharan African countries have struggled to manage the impact of the increasing competitiveness of China's labour-intensive exports on its own nascent labour intensive-industries, such as clothing and textiles, leather and footwear, electronics, and furniture.[21] Several states have seemed increasingly under siege as China's exports of manufactures has caused factory closures and de-industrialisation in many areas across the region. Naturally, China's supremacy in the region as the predominant economic power has also afforded the People's Republic a significant amount political leverage. A fundamental way this has been illustrated is through their interference and influence into democratic elections that are held across the region. The 2006 Zambian election is one of the first examples where the Chinese government showed a forceful sign of intervention. Famously, Li Baodong, China's ambassador in Lusaka, announced to Zambia that Beijing could cut diplomatic relations with them should they elect the opposition candidate Michael Sata. Given China is the leading investor into Zambian copper, the country's largest export, it is unsurprising that this threat led to the re-election of the incumbent candidate, Levy Mwanawasa. Studies have found over the years that there is a correlation between Chinese investment and electoral success; China's economic investment indirectly influences the voting patterns for African elections. This is reflected in Zimbabwe's 2018 election, where the two candidates had opposing views to China's investment into the country. The opposition candidate Nelson Chamisa announced that he would expel Chinese investors from the country should he win the election. His loss in that election resembles China's underlying influence in shaping electoral results in Africa.

In the cold light of the Covid-19 outbreak and the subsequent economic downturn, this leverage has revealed itself to be, in many ways, distinctly wolfish and injurious to sub-Saharan countries' infrastructural and political sovereignty. As the largest creditor and trading power in the region, China looks set to take advantage of the pandemic to acquire strategic assets in sub-Saharan countries. Prior to the coronavirus outbreak, Chinese debt was already a burden for several countries across the region. A 2019 report by the International Monetary Fund (IMF) estimated that about 40 per cent of sub-Saharan Africa's low-income countries were under considerable debt pressure.[22] However, the sudden Covid-19 virus which started in China, and the plummeting of commodity prices which substantially reduced export revenues meant that, for some countries, paying capital and interest in Chinese debts became impossible. Some governments have thus sought to work bilaterally with Beijing to reduce their obligations. Chinese officials, however, look set to enforce strictly the terms of their credit agreements in order to enforce transfers of collateral, which could include seaports, airports, or mines. It is reported that the Zambian government, for instance, is considering handing over control of certain strategic assets – including the

[21] Ismail, 'The Changing Global Trade Architecture, pp.12-3.

[22] Dominique Desruelle et al, "Sustainable Development and Debt: Finding the Right Balance", *The International Monetary Fund*, Dakar (2019), p.4.

country's third largest copper mine – in exchange for debt forgiveness or rescheduling.[23] Examples of this kind of economic strong-arming in sub-Saharan African by China are manifold and deeply concerning. China's effective co-option of businesses and projects across the region under debt duress amounts to little more than a thinly veiled form of economic colonialism. It is a tragedy deserving of its own page in the long, lamentable catalogue of human misery that just as many countries in sub-Saharan Africa have begun to emerge from the administration of European powers, a new power is intent on taking their place.

To fully grasp China's approach in sub-Saharan Africa, one must study European imperial history (as it appears Beijing has been doing). The truest intellectual forerunner of China's strategy seems to be a plan once pursued by Germany. Prior to its defeat in 1918 Germany's leaders had dreamed of a continental empire, a *Mittelafrika*, stitched together by railways stretching from Dar es Salaam to the Atlantic Ocean. Germany's railway schemes were driven by intense imperial competition with Britain. Although China may claim to be a new kind of power, its plans have, in truth, always been marked a similar (if not identical) colonial ambition which is motivated primarily by a desire to control the markets for key resources in sub-Saharan Africa in order to service their own domestic manufacturers. The consequences of China's new colonialism – which has gone unchecked for far too long – has had profound consequences for sub-Saharan countries. The threat of asset seizing, debt traps, and one-sided resource-for-infrastructure loan deals have forced some economies toward ever greater specialisation against their long-term interest. As a consequence, industrial diversification and manufacturing robustness in the region have been severely hindered by a relationship that has developed to feed the near endless appetite of world's trading superpower. Now that the UK has left the EU, finding the space to promote better trade with sub-Saharan economies as it is swallowed-up with rapacious intent by China is a task that policymakers must rise to. To be frank, any and all hope the UK has of opening up free-flowing, mutually beneficial trade with the region will depend on the success of this vital mission.

For far too long, the UK has neglected to nurture profitable partnerships with countries across sub-Saharan Africa. Despite the economic and demographic dynamism of countries such as Rwanda, Ethiopia, Ghana, and a whole host of others, there appears to have been little effort on the part of UK policymakers devoted to maximising opportunities to increase trade flows with a region that is set to be central to global growth in the decades to come to the detriment of producers and consumers in both locales. Reversing this state of affairs will not be easy. The lowly value of the UK's trading relationships with sub-Saharan countries *vis-à-vis* several peer economies in Europe and China's rise as the predominant economic force in the region (with all its nefarious consequences) represent significant challenges.

However, China's dominance across the region has created an environment that is currently too challenging for the UK to

[23] As reported by https://www.cnbc.com/2020/01/14/zambias-spiraling-debt-and-the-future-of-chinese-loan-financing-in-africa.html and https://www.wsj.com/articles/as-africa-groans-under-debt-it-casts-wary-eye-at-china-11587115804 [accessed 28th June, 2020].

compete. Their total of $148 billion in infrastructure developments over the last two decades has made them the dominant single investor in the region, manufacturing a relationship where African countries are tied to them. Notably, their debt arrangements for loans are crippling, giving Beijing enormous power over its debtors, which entraps African governments. In addition to this, China's military presence and investment into sub-Saharan African ports is intimidating to foreign powers, threatening UK interests and influence. In doing this China has provided a gateway to the region's trade and economic developments, increasing their overall military and political reach. China's occupation of 46 regional ports illustrates their dominance and control over the region, one that threatens British trade post-Brexit.

The UK has a historic opportunity to set itself an ambitious new trade agenda that looks to grow and strengthen partnerships with countries across the region. To do this they must introduce a bolder policy that has the principles of sustainability and mutual prosperity at its heart.

A new gold standard

Re-examining current policies

Having left the EU's single-market and customs union, the basis of the UK's trading relationships with sub-Saharan African countries will change. The task facing policymakers is immense and a great deal is at stake. Fortunately, they are not entering a policy vacuum. There is ample scope to reflect upon the successes and shortcoming of policies governing trade with sub-Saharan countries to which the UK was bound as a member of the EU. If the UK is to a introduce new framework for sustainable and mutually beneficial trade with countries across the region after Brexit, an unromantic reappraisal of what came before will be salutary. Thus, although it is again not possible within the confines of this paper to elucidate the many intricacies of every issue at play here, a summary unpacking of the key concerns is necessary.

The EU has a robust system of preferences governing part of its trade with different sub-Saharan countries. This system is comprised of three tiers or regimes: a general regime which offers reduced tariffs on approximately two-thirds of products for a broad group of developing countries; an enhanced regime which offers reduced tariffs for 90 per cent of products to a smaller group of countries with small or undiversified economies (conditional to their meeting of certain eligibility criteria); and an "anything but arms" regime which provides duty-free, quota-free market access on all commercial products (with the exception of arms) for the least developed countries. As Hannah Timmis and Ian Mitchell amongst others have shown, whilst significant improvements are possible – particularly with regard to the comparatively high level of trade protection applied to the agricultural sector – there is evidence to suggest that EU tariff policies have contributed positively to sub-Saharan countries' export-led growth since the turn of the new millennium.[24] The "anything but arms" program is generally regarded to be model against which policy covering trade with sub-Saharan states should be judged because it provides the broadest possible market access for least developed countries, enabling them to accrue significant gains.

The EU also has five economic partnership agreements (EPAs) with regional groupings of sub-Saharan countries. These agreements came about after the expiration of the Cotonou agreement in 2007 which had previously regulated the EU's trade with sub-Saharan countries (amongst others). The stated aim of these agreements was to support poverty reduction whilst promoting sustainable development and regional economic integration. Whilst ex-post evaluations of these agreements are limited because they have, for the main part, yet to be fully implemented, the ex-ante analysis is concerning. The disjuncture between the declaratory statements of good which launched the EPAs and their reality is now near universally recognised. Critics of all persuasions have long condemned the EU's EPAs for complicating rather than facilitating regional economic integration and locking countries into trade patterns which are off little value. Katrin Kuhlmann, for instance, has highlighted the problems around sensitive product exemptions within the EPAs. The exemptions allow beneficiary countries to

[24] Hannah Timmis and Ian Mitchell, "Reforming EU Trade Policy to Accelerate Economic Transformation in Africa", in *Building an EU-Africa Partnership of Equals: A Roadmap for the New European Leadership*, eds. Anita Käppeli and Mikaela Gavas et al, The Centre for Global Development (2019), pp.20-1.

exclude up to 20 per cent of trade from liberalisation, enabling them to protect a proportion of the goods they produce whilst reducing tariffs on imports. The exemptions, however, do not overlap between countries. As a result, over 50 per cent – and it some areas over 92 per cent – of products likely to be designated as sensitive would not intersect with any of the exemptions of any other country in the same locale, making increasing and diversifying regional trade more difficult.[25] These kinds of incongruities – coupled with complicated and restrictive rules of origin which prevent manufacturers from easily cumulating product inputs from other countries in the same region and dampen the impact of tariff preferences – have hampered the development of local value chains and the impeded the growth of economies of scale, making it more difficult for businesses and producers to attract investment and become more competitive.

What is more, unlike most trade preference programs, the EPAs are intended to be eventually fully reciprocal. This means that, whilst they preserve one-sided access to the EU's market for partner countries for a short time, they will sooner or later require them to open up their markets to exports from the EU, perhaps even before they are ready to compete on equal terms. Also, over time, partner countries will have to accept rules in areas well beyond tariffs. Because the EPA negations were highly asymmetric, the EU knew it could insist on the inclusion of several provisions, such as stronger patent protections for drug companies, that were not necessarily in the interest of their developing country counterparts and appear to exclusively benefit European firms looking to penetrate the sub-Saharan market. As a consequence, a number of scholars, notably Xavier Carim and Ablasse Ouedraogo, have stated their belief that the guiding strategy underpinning the formulation of the EPAs was never the development of sustainable trading networks in partner countries. Their primary purpose, rather, was to expand the reach of European companies facing intensifying global pressure into foreign markets where competition is weaker.[26]

The UK government has hinted at its intention to replicate EU policies governing trade with sub-Saharan countries as much as possible after Brexit.[27] They have decided on this approach, no doubt, as a consequence of their desire to provide a degree of certainty for businesses and to limit any disruptions to trade that may occur. The motivation is understandable and some kind of rollover of certain practices may well be necessary for a period of time. UK policymakers must, nonetheless, remain alive to the chance to radically improve upon the EU's contorted and, in many ways, counterproductive approach to trade with sub-Saharan

[25] Katrin Kuhlmann, "Beyond the Economic Partnership Agreements: A New U.S.-European Approach to Trade and Development in Sub-Saharan Africa", in *Updating Economic Partnership Agreements in Today's Global Challenges*, eds. Emily Jones and Darlan Marti, The German Marshall Fund of the United States (2009), p.16.

[26] Xavier Carim, "The Interim Economic Partnership Agreement (IEPA): A View from the South African Government", and Ablasse Ouedraogo, "Why are the Economic Partnership Agreements Detrimental for Africa's Future?", both in *Updating Economic Partnership Agreements in Today's Global Challenges*, pp.54-60 and pp.66-70.

[27] Kimberly Ann Elliot, "How Post-Brexit Britain can Promote Better Trade and Development in Africa", *World Politics Review*, 11th Feb 2020, https://www.worldpoliticsreview.com/articles/28528/how-britain-post-brexit-can-promote-better-trade-and-development-in-africa [accessed 25th June, 2020].

countries. It is within their grasp to set a new gold standard for trade policy by introducing a program that is genuinely aligned with wider developmental goals, that promotes sustainable partnerships, and that benefits businesses and consumers in the UK and sub-Saharan countries too.

A new UK preference regime

It is crucial that policymakers work to safeguard sub-Saharan countries' favourable access to the UK market. A reversion to most favoured nation tariff schedules would seriously compromise the ability of Botswanan beef farmers, Kenyan tea growers, Mauritian textiles manufacturers, and fisherman from the Seychelles to export their wares to the UK. Naturally, it would also jeopardise the capacity of UK consumers to purchase those products at reasonable prices.[28] Pragmatism will be required. For a short period of time, it may be necessary to keep to current arrangements – ensuring no tariff hikes – in order to provide security for producers, consumers, and investors. The maxim "we will do no harm" must be followed as a necessary first step toward the building of trusting, sustainable, and mutually profitable partnerships between the UK and sub-Saharan countries. Beyond this, there is ample scope for policymakers to improve on existing rules and practices with the construction of a new UK preferences regime which is underpinned by three guiding principles: the removal of tariff and non-tariff barriers for goods from sub-Saharan countries, the enhancement of sub-Saharan regional integration, and the bolstering of partner countries' productive capacities. Doing this would constitute a great leap forward for UK trade policy as an instrument of accelerated industrialisation and structural transformation in sub-Saharan Africa, creating more enduring relationships with stronger partners to the advantage of citizens in the UK (as well as sub-Saharan Africa) who will benefit from increased trade flows for a wider variety of better products.

The new UK preferences regime should be as simple as possible in its design. Simple schemes are more transparent, less arbitrary, and easier to implement. They are also less likely to create unhelpful trade distortions and are better able to facilitate regional integration. The new program should also be long-standing or permanent in order to provide certainty and allow time for real investment to take place. In order to be politically viable, the new UK preferences regime must also be compatible with WTO rules which prevent developed countries from extending trade partiality to certain developing countries but not to others that are similarly situated. In other words, the scheme cannot be regionally restricted. This does not, however, prevent the design of a new UK preferences regime that primarily benefits sub-Saharan countries. Eligibility lines may be drawn based on certain objective criteria – such as national income, economic competitiveness, population size, or the capacity of a state to respond to natural

[28] According to Maximiliano Mendez-Parra, the value of preferential access to the UK market for Sub-Saharan countries is approximately $300 million. This figure, though, is likely to be an underestimation as it only represents to unpaid tariff difference and not the dynamic effects on employment and investment. See "Designing a New UK Preferences Regime Post-Brexit: How Can Africa Benefit?", *Overseas Development Institute, United Nations Economic Commission*, and *African Trade Policy Centre*, joint working paper 521 (2017), pp.10-1.

shocks – in order to favour sub-Saharan countries most.

With these considerations as well as the three guiding principles laid out earlier in this section in mind, the policy framework proposed by Kimberly Ann Elliot (amongst others) stands out as the most workable and profitable option.[29] This framework sets out the basis for a single-tiered scheme which builds on the EU's "anything but arms" program. The scheme would extend duty-free, quota-free access to the UK market for all products (except arms) from all least developed countries, regardless of population size, as well as other low-middle income countries with populations smaller than 70 million.[30] Income rather than population should then serve as the final criterion for graduation from the program. So, for example, if Tanzania (which had a population of 55 million in 2018) passed the population limit before it reached upper-middle income status, it would remain eligible for the new UK preferences regime. This kind of scheme would improve market access for a number of low-middle income sub-Saharan countries, most notably Cameroon, the Côte d'Ivoire, Ghana, Kenya, and Zimbabwe. A small number of sub-Saharan countries would be left out, either because of their income status or because their population size. Of these, the UK has already agreed or initialled trade continuity agreements with Mauritius, the Seychelles, South Africa, and Namibia.[31] Other sub-Saharan countries that do not meet the eligibility criteria are Equatorial Guinea, Gabon, and Botswana (because they are upper-middle income countries) and Nigeria (because its population is too large). These countries, however, are primarily resource exporters that make little use of current preferences regimes and would likely not be affected by any changes brought about by a new UK policy.

Extending duty-free, quota-free access to the UK market on as broad a basis as possible is a necessary but insufficient condition for enhancing trade flows between the UK and Sub-Saharan countries. As a compliment to a simpler, more open preferences regime, UK policymakers should also consider liberalising rules of origin. Rules of origin are a key determinant of market access. They stipulate how much local processing must be performed on material and intermediate goods in preference receiving country in order for a product to be considered of local origin and thus eligible for partial treatment. They prevent goods produced in non-beneficiary countries from being shipped through beneficiary countries in order to qualify for privileged access to a preference giving country's market. The effectiveness of a preferential regimes may be bolstered or inhibited by their design. The EU's "anything but arms" program, for instance, is noted for having failed to fulfil its much-trumpeted potential in large part because of restrictive and complex rules of origin. The rule for apparel, for example, requires that fabric be manufactured locally and then cut and assembled in the beneficiary country in order to be eligible for access. A Lesotho-based t-shirt producer, for instance,

[29] See Kimberly Ann Elliott, "A Post-Brexit Trade Policy for Development and a More Integrated Africa", *Centre for Global Development* (2020).

[30] This figure was selected due to the fact that it stands the best chance of avoiding any kind of "threshold effects" because no low-middle income countries have populations in the range between 55 million and 80 million. See Elliot, p.6.

[31] See https://www.gov.uk/guidance/uk-trade-agreements-with-non-eu-countries-in-a-no-deal-brexit [accessed 25th June, 2020].

could not outsource minor operations (dying or embroidery) to a contractor in, say, South Africa if they wished to maintain access to the EU market on "anything but arms" terms. But textile production is capital-intensive and requires a range of skills beyond the cutting and sewing of apparel. The rule is impossible to meet in smaller, poorer countries and consequently restricts the export of their woven garments to the EU's market.[32] Thus, as Maximiliano Mendez-Parra proposes, rules of origin for the new UK preferences regime should thus be as flexible as possible. Product inputs sourced from other beneficiary countries should be considered as domestic and the level of local content required on exports should be lowered from the EU requirement of 30 per cent in line with WTO recommendations for least developed countries of 25 per cent.[33]

Kimberly Ann Elliott and Karin Kuhlmann have separately suggested that the effect of these kinds of changes to the UK's preferences regime on domestic producers – even in sensitive areas such as agriculture – would be minimal.[34] On the contrary, as Lee Crawfurd, Ian Mitchell, and Michael Anderson argue, as well as broadly reducing prices and increasing the variety of products available to ordinary consumers, they would facilitate the import of a greater range of complimentary inputs for higher-value activities undertaken by UK manufacturers.[35] In all, as recent estimates from the Centre for Economic Performance at the London School of Economics indicate, trade liberalisation along the lines proposed here could boost UK gross domestic product by up to 0.3%.[36] At the same time, extending duty-free, quota-free access to the UK market and simplifying rules of origin will promote economic integration between sub-Saharan countries by facilitating the development of regional supply chains. This, in turn, would aid the growth of economies of scale, encourage investment, and help to build industrial capacity across sub-Saharan Africa. A new, streamlined UK preferences regime as close as possible to the scheme outlined here – with attendant measures to combat non-tariff barriers to trade – would thus be a vital developmental tool in the construction of more sustainable and mutually profitable partnerships with sub-Saharan countries.

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[32] According to a survey of manufacturing firms in 23 developing countries conducted by the International Trade Centre in 2015, rules of origin were the single most important type of non-tariff barrier facing exporters. See Abdellatif Benzakr et al, *The Invisible Barriers to Trade: How Businesses Experience Non-Tariff Measures*, Geneva (2015), p.x.

[33] Mendez-Parra, p.21; Timmis and Mitchell, p.21 and pp.23-4; Lee Crawfurd et al, *Beyond Brexit: Four Steps to make Britain and Global Leader on Trade for Development*, Centre for Global Development (2017), p.10.

[34] Kuhlmann, p.19; Kimberly Ann Elliott, *Open Markets for Poor Countries: Trade Preferences that Work*, Centre for Global Development (2010), p.3.

[35] Lee Crawfurd et al, *Beyond Brexit: Four Steps to make Britain and Global Leader on Trade for Development*, Centre for Global Development (2017), p.6.

[36] See S. Dhingra et al, *The Consequences of Brexit for UK Trade and Living Standards*, the Centre for Economic Performance at London School of Economics (2016).

Future priorities for trade and investment

With the implementation of a new, streamlined preferences regime, the UK has the chance to swell trading possibilities with the world's fastest-growing region. As it does, the UK can also become a global leader in a new kind of trade policy which proactively attends to the developmental needs of partner countries (instead of just playing lip service to them) whilst advancing the interests of domestic businesses and consumers who stand to benefit greatly from improved trading relationships with more resilient coventurers. Moving forward, policymakers will face several challenges – structural and political – as they work to enhance the UK's engagement with sub-Saharan markets (not least China's increasingly malign and hegemonic presence in the region). Guided by a commitment to mutual prosperity and sustainable trade, they must consider carefully where and how to commit the UK's finite resources in order to bring about the reciprocally advantageous growth desired by all. As such, whilst all available opportunities to progress profitable relationships ought to be vigorously pursued, priority should be afforded long term to those areas which stand to offer the greatest returns for all. The UK should thus look to renovate its approach to 'aid for trade', invest heavily in key sectors with the greatest potential to future growth (the mobile telecommunications and renewable energy sectors above all), and promote the City of London as a key financing hub for sub-Saharan African businesses and projects.

Much has been written about aid for trade policies. They comprise a range of interventions – from the designation of funds to provision of expertise and knowledge exchange – conceived to build productive capacities and improve the ease of doing business in beneficiary countries. The UK has long been thought of as a key champion of 'aid for trade' policies and has been active in the creation of several schemes. UK aid has, for example, supported the introduction of automated customs management systems and better port infrastructure in East Africa, making it faster and easier for goods to cross borders. UK-funded advisors have also assisted standards agencies across Africa in order to ensure that their exports meet modern health and safety regulations.[37] Whilst there is some evidence that 'aid for trade' schemes such as these can enhance trade performance, their effectiveness varies considerable across regions and sectors. According to the World Bank, for instance, it still takes exports from sub-Saharan Africa over 100 hours to comply with outgoing border procedures compared with just 12 hours for OECD countries. It also costs more than three times as much.[38] The UK can make its 'aid for trade' policy vastly more impactful and effective in sub-Saharan Africa by making increased use of results-based initiatives. In a typical 'aid for trade' programme, payments are made for activities (for example, technical assistance for improving a certain process). According to the theory of change, this should lead to desired outcomes. But contracting for activities and inputs does not allow for sufficient innovation. A better approach would be to contract for outcomes (in short, to offer cash on delivery). This would allow those with the required information the flexibility to determine the best way of

[37] Crawfurd et al, p.14.

[38] See https://www.doingbusiness.org/en/data/exploretopics/trading-across-borders [accessed 2nd July, 2020].

achieving those outcomes. In other words, rather than trying to tell a partner country how best to improve their border controls, the UK could simply agree to pay an agreed amount for each hour that country reduces the time it takes goods to clear the border.[39] Implementing a payment by results 'aid for trade' policy would confer mutual benefits for the UK and sub-Saharan countries. One econometric study estimated that for each pound spent on aid aimed at making trade easier with partner countries, the UK exports £0.22 more in goods and services as a result of reduced trade costs. This translates into approximately 12,000 jobs in the UK.[40] Simply, the more the UK invests in aid programs designed to make trade easier with countries across sub-Saharan Africa, the more it can expect to profit from cheaper imports and stronger exports. The potential gains for sub-Saharan countries are also high. As reported by Bernard Hoekman and Alessandro Nicita, least developed and low-income countries could expect the value of their exports to rise by as much as 2 per cent as a result of lowering the cost of doing businesses at their borders.[41] For a typical low-income country in sub-Saharan Africa, such as Malawi, with total annual exports of around $1.5 billion, a 2 per cent increase would be worth $30 million a year. The expenses associated with reducing export times would almost certainly cost less than this amount.[42]

As well as renovating its approach to 'aid for trade', the UK should also look to strike up new partnerships and invest directly in key sectors with the best possibility of future growth. As the UK develops a new, long-term strategic approach to trade with sub-Saharan countries – mindful of the pitfalls of spreading its resources too thinly – priority ought to be given to deepening engagement with a select range of high potential industries across the region. One such industry is mobile telecommunications. Driven by improvements in coverage and increased private competition, mobile penetration across sub-Saharan Africa has risen dramatically in recent years (admittedly from a low base) and looks set to continue to do so at an even faster rate moving forward. By the end of 2018, there were 456 million unique mobile subscribers across the region. This was an increase of over 20 million on the previous year. Over the next five years, there are expected to be an additional 167 million new unique subscribers.[43] By 2023, the mobile telecommunications ecosystem in sub-Saharan Africa – which directly and indirectly supports more than 3 million jobs – is expected to generate 9.1 per cent of regional GDP, a contribution worth approximately $185 billion.[44] As demand continues to rise and as states transition away from the use of 2G to 3G and 4G technologies, there will ample scope for UK-based telecommunications providers and manufacturers – such as *onecom*, *ip.access*, or *Dialog Semiconductor PLC* – to strike new deals and expand their operations further into the sub-Saharan African market (where

[39] Crawfurd et al, pp.14-5; Timmis and Mitchell, p.24.

[40] Maximiliano Mendez-Parra and Dirk Willem te Velde, *The Effects of EU Aid on EU Employment and Trade: An Econometric Investigation*, the Overseas Development Institute (2017), p.23.

[41] Bernard Hoekman and Alessandro Nicita, "Trade Policy, Trade Costs, and Developing Country Trade", *World Development*, vol.39:12 (2011), pp.2069-2079.

[42] Crawfurd et al, p.15.

[43] The GSM Association, *The Mobile Economy Sub-Saharan Africa 2019*, London (2019), p.7.

[44] Ibid., p.3.

possible returns on investments could well outstrip any other region). With their expertise and access to capital, these firms can help propel further progress for sub-Saharan Africa's telecommunication sector – helping to improve industrial productivity and efficiency on a broader scale along the way – whilst diversifying their own interests and boosting their balance-sheets, creating jobs for the domestic economy and further bolstering the UK's already vibrant 'silicon scene' which stands ready to become a an even larger cornerstone of future growth in the years to come. Deepening engagement with and investment in this area must, therefore, rank amongst the UK's most serious concerns as it develops a new framework for trade with sub-Saharan countries long-term.

Other areas of promise for trade between the UK and sub-Saharan countries which merit the special, energetic consideration of policymakers, businesses, and investors include pharmaceuticals, legal services, regulatory oversight, and agriculture. However, their attention (along with their resources) should perhaps focus above all on the region's infant renewable energy industry. The inadequacy of power supply is a fact of life across sub-Saharan Africa. The region is characterised by some of the lowest levels of access to modern energy anywhere in the world. Only seven sub-Saharan countries – Cameroon, Côte d'Ivoire, Gabon, Ghana, Namibia, Senegal, and South Africa – have electricity access rates greater than 50 per cent.[45] A combination of geographical factors and gross mismanagement have intermingled to cripple much of the conventional power sector in sub-Saharan countries, with many governments across the region often resorting to using very high cost, high polluting stopgap oil-fired emergency power supply measures (which also regularly turn out to be unsatisfactory).[46] In order to address their energy supply issues – which can only get worse under the current model as demands grows with the region's young population – sub-Saharan countries are looking with increasing favourability toward green technologies. There is no lack of natural resources (notably hydroelectric, wind, and solar) and the broad pattern of rural settlement across the region appears ideally suited for decentralised renewable energy systems. Green technology is also becoming more reliable whilst the cost of obtaining and using it is going down. All this has made the use of renewable power supplies more and more attractive for sub-Saharan countries. As a result, the International Energy Agency projected that almost 50 per cent of the region's power generation growth by 2040 will be fuelled by an uptake of renewable energy systems.[47]

Development in sub-Saharan Africa has been stymied by the failures of traditional power. The embryonic green energy industry may be transformative. If nurtured correctly, it could unleash a new wave of sustainable economic growth, improve human health and

[45] Antonio Castellano et al, *Brighter Africa: The Growth Potential of the Sub-Saharan Electricity Sector*, the McKinsey Global Institute, London (2015), p.3.

[46] Stephen Karekezi, John Kimani, and Oscar Onguru, "EPAs and Liberalization of Renewable Energy Industry in sub-Saharan Africa", in *Updating Economic Partnership Agreements to Today's Global Challenges: Essays on the Future of Economic Partnership Agreements*, eds. Emily Jones and Darlan F. Martí, The German Marshall Fund of the United States, Washington (2009), p.93

[47] See David Benazeraf, *Boosting the Power Sector in Sub-Saharan*, International Energy Agency, Paris (2016).

wellbeing, enable individuals to lead more productive lives, generate better paying and more secure jobs, and promote rural development. The vast market potential of this industry – particularly for agriculture where renewable energy can play an important role in ensuring the sector remains profitable and able to compete in a bruising world market of continually falling prices – also presents a number of opportunities for investors and businesses in the UK. By working with regional entities – promoting knowledge transfers, making technology easier to access, and encouraging local involvement – UK firms such as Oxford Photovoltaics Limited, by committing their capital and expertise, may help sub-Saharan Africa's nascent green industry stand at something like its full height commercially to the advantage of the communities it will serve as well as the domestic renewable energy sector.[48] Whilst precise numbers are difficult to pin down at present, the yield ceiling for investors is potentially extraordinary. If capitalised upon, the realisation of broader, deeper partnerships with sub-Saharan Africa's emerging renewable energy scene could well provide a platform for growth for UK firms in this increasingly important sector moving forward, raising revenues and creating urgently needed jobs for the future. It is therefore essential UK policymakers, investors, and businesses work to cement these relationships moving forward, their effectuation being potentially vital for UK trade with sub-Saharan countries long-term.

There is a huge variety of opportunities for UK businesses and investors in sub-Saharan Africa. The possibilities for stronger trade flows and reciprocal growth are significant. But for all the opportunities on offer – in telecommunication, energy, agricultural, pharmaceuticals, and so on – access to capital remains a key concern. Whilst there is much excitement and optimism around the number of innovative, profitable, scalable start-ups emerging across the region – such as *M-Kopa*, an impressive solar energy company that has been able to deliver affordable electricity to thousands of people in Kenya through a smart mobile pay-as-you-go system – their potential may well be stifled if they are unable to tap into readily available credit streams. Sustainable finance solutions will thus play and important role in the expansion of the UK's trade and investment ties with sub-Saharan countries looking to plug massive funding gaps in key areas of their economies. The UK's large financial ecosystem is its major commercial strength and it is important for the UK to promote the City of London as an asset for trade with the region. According to Olusola Adejoke David-Borha – chief executive of Africa Regions at the Standard Bank Group – firms across sub-Saharan Africa see London as a vital fundraising gateway and London is expected to remain a key financing hub for businesses and projects in the region for the foreseeable future.[49] Major flotations last year from the likes of Helios Towers and Airtel on the London Stock Exchange – representing some of the biggest London initial public offerings

[48] Geopolitically, this would also cut against the grain of some Chinese investments, which are supporting the construction of 13 coal plants in Kenya, Malawi, Zimbabwe, South Africa, and Madagascar, leaving a trail of public displeasure in their wake. It helps, too, that a pivot by the UK toward the green energy sector would coincide with the environmentally conscious progress the African Union hopes to achieve by 2063.

[49] See https://www.theafricareport.com/22401/stronger-uk-africa-trade-and-investment-ties-can-turbocharge-growth-for-both-regions/ [accessed 28th June, 2020].

of 2019 – speaks directly to this thrust. It is also evident that there is significant appetite amongst UK investors to buy into sub-Saharan Africa. This is showcased by the fact that UK investors accounted for $900m, or 18 per cent, of the recently issued South African $5 billion Eurobond (the largest issuance out of sub-Saharan Africa).[50] There is vast potential for the City of London to increase rapidly its relationship with firms across sub-Saharan Africa. It has liquid and mature financial markets, broadly similar time zones to sub-Saharan Africa, trusted judicial systems, and a common language with several large countries in the region (notably Ghana, Cameroon, and Nigeria). Promoting the City of London as a key financing hub for African businesses and projects moving forward will drive mutually beneficial growth. It will encourage deeper integration between sub-Saharan African markets and the UK economy, linking firms across the region to capital – both debt and equity – whilst assisting UK businesses as they expand their operations into new, fast-growing horizons post-Brexit.

Post-Brexit, the UK has an incredible opportunity to become one of sub-Saharan Africa's most important trading partners. The possibility to vastly increase trade flows which promote sustainable, mutually advantageous co-ventures is not hyperbole. But, given the many challenges facing policymakers and business looking to set a path toward realising that goal – not least the already extraordinary demands stretching the UK's material and technical resources as well as China's worryingly dominant and nefarious presence in the region – an element of selection must take place. The priorities laid-out here – calling for a renovation of the UK's approach to 'aid for trade', heavier investment and deeper engagement in high potential industries, and a promotion of the City of London as a key financing hub for sub-Saharan African businesses and projects – could provide the basis for the development of jointly profitable and scalable trading associations that stand to be truly meaningful for firms and citizens in both locales for years to come.

[50] Ibid.

Conclusion

This paper has been guided by two a priori assumptions. The first is that UK should prioritise the development of broader, deeper trading relationships across sub-Saharan Africa. The region has some of the most economically dynamic countries in the world as well as a burgeoning middle-class that is more able to engage with consumer markets than ever before. It is rich in talent and natural resources, and it has a rapidly growing population fuelled by young people filled with dreams and ambitions. The challenges, to be sure, are great. But the opportunities are far greater. Simply put, the rate of returns on investments of expertise and capital in sub-Saharan Africa have the potential to outstrip Latin America, Europe, and even some parts of Asia too. UK policymakers and businesses must recognise this and redouble their efforts to cement new associations with partners across the region in order to tap into and become a part of this promising story.

The second assumption is that trade works best when it is viewed as a means to an end (rather than an end in and of itself). In this instance, the end is to help to build the industrial capacities of sub-Saharan countries by encouraging regional integration, promoting the growth of local supply chains, and reducing barriers to trade in order to make them more resilient coventurers moving forward. The promise for long-term, mutual profit arising from the effectuation of broader, deeper partnerships between the UK and sub-Saharan Africa is simply too great to have it choked-off by a policy program that ignores the developmental needs to Rwanda, Ethiopia, Ghana and so on. This paper has consequently sought to set out a general roadmap for UK policymakers and businesses to plot their approach against which follows a simple maxim: stronger trade partners in sub-Saharan Africa will make for better trade partners.

To be sure, there are areas not covered in this paper which require further work and research. These include (but are by no means limited to): further eliminating red tape; the development of a model which looks forward at the size of developing countries' economies to help the UK decide where it should devote most of its resources; and the systematic implementation of impact assessments which measure the effectiveness of 'aid for trade' and preference policies. Nonetheless, the steps outlined here would represent a substantial improvement on policies the UK was party to as an EU member. They would benefit domestic consumers and businesses and set a new gold standard in trade policy for other countries to emulate. The agenda is undoubtedly ambitious. It will take a considerable amount of political will to implement. But the potential for reciprocally advantageous payoffs are huge. If the UK is to fulfil the promise of Brexit and stand at something like its full height as an independent trading nation, it must boldly cease the chance to chart a better policy course, beginning in sub-Saharan Africa.