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Post-Brexit UK-ACP Trading Arrangements: Some Reflections

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Background

The prospect of the UK formulating its own trade policy following Brexit is likely to have implications for the existing Economic Partnership Agreements (EPAs) between the European Union (EU) and some African, Caribbean and Pacific (ACP) countries, and the UK's future trading arrangements with the ACP. The latter will be determined by the nature of the UK's trade deal with the EU post Brexit and the trading regime it sets up with those ACP countries that have an EPA. ACP countries receive duty-free and quota-free (DFQF) market access into the EU for all goods (except arms and ammunition) under the EPAs[1], while the same treatment is offered by the EU to least-developed countries (LDCs) through the Everything-but-Arms (EBA) scheme. In the absence of equivalent market access, these countries may face higher most-favoured nation (MFN) tariffs in the UK market. In the short-term, the challenge for the UK is to ensure trade continuity on terms that are at least as favourable as those provided under the EPAs. This issue of *Commonwealth Trade Hot Topics* examines the implications of Brexit for existing EPAs, and options for trade arrangements that could avoid possible trade disruptions arising as a result of post-Brexit policy shifts.

Economic Partnership Agreements

The EU and its ACP partners have negotiated seven regional EPAs that are at different stages of finalisation or implementation (Table 1). During the withdrawal negotiations, once the UK has triggered Article 50 of the Lisbon Treaty, the UK will continue to implement the EU's common commercial policy and all bilateral and regional trade agreements, such as the EPAs. Once the UK has formally exited the EU, however, all rights and obligations under these various agreements will cease to apply and the UK will devise its own trade policy.

Because the EPAs provide 'better-than-MFN' market access, the immediate impact could be that ACP exporters face MFN conditions in the UK market. While there is debate on what these MFN conditions would look like in a post-Brexit UK, one dominant view is that the EU MFN regime would be the starting point. Although current EU-UK MFN duty rates tend to be low, certain product categories, including those where ACP countries have export interests, attract

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1 EPAs provide DFQF market access for all developing-country signatories under reciprocal arrangements that also require ACP countries to open up their markets to the EU, albeit with longer transitional periods. The exception is South Africa, which does not obtain full DFQF access into the EU market under the Southern African Development Community (SADC) EPA. The EU continues to provide the other members of the SADC EPA Group better access to its market than it offers South Africa. Nevertheless, the region-wide SADC EPA still improves South Africa's market access when compared to its bilateral Trade, Development and Cooperation (TDCA) Agreement with the EU, signed in 1999.

Table 1: Overview of EU-ACP EPAs

Region	Status	Parties (including non-Commonwealth states)
Caribbean	Signed; ratification ongoing; provisional implementation (except Haiti)	Caribbean Community (CARICOM) member states (i.e. Antigua and Barbuda, The Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, Trinidad and Tobago) and the Dominican Republic
Pacific Islands	Provisional implementation of Interim Partnership Agreement by Papua New Guinea and Fiji; Comprehensive EPA negotiations suspended for three years	Cook Islands, Fiji, Kiribati, the Marshall Islands, Micronesia, Nauru, Niue, Palau, Papua New Guinea, Samoa, the Solomon Islands, Tonga, Tuvalu and Vanuatu
West Africa	Signing process underway; Interim EPAs ratified by Ghana and Côte d'Ivoire	Economic Community of West African States (ECOWAS) member states (i.e. Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, The Gambia, Ghana, Guinea, Guinea Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone and Togo) and Mauritania, which is not an ECOWAS member
Central Africa	Ratified by Cameroon; ongoing negotiations with the other parties	Cameroon, the Central African Republic, Chad, Congo, the Democratic Republic of Congo, Equatorial Guinea, Gabon, São Tomé and Príncipe
Eastern and Southern Africa (ESA)	Provisional implementation by Madagascar, Mauritius, Seychelles, Zimbabwe; ongoing negotiations with the other parties	Comoros, Djibouti, Eritrea, Ethiopia, Madagascar, Malawi, Mauritius, the Seychelles, Sudan, Zambia and Zimbabwe
East African Community (EAC)	Ratified by Kenya; signed by Rwanda. Tanzania has indicated it will not sign the EPA	Burundi, Kenya, Rwanda, Tanzania, Uganda. South Sudan, the EAC's newest member, does not need to sign the EPA until it completes the two-year bloc membership assentation period.
Southern African Development Community (SADC)	Ratified by all SACU members; provisional implementation for SACU; Mozambique finalising ratification	Southern African Customs Union (SACU) member states (i.e. Botswana, Lesotho, Namibia, South Africa, Swaziland) and Mozambique. Angola has an option to join the agreement in the future

Source: Authors' summary as at 19 October 2016.

much higher rates, known as tariff peaks. In the absence of more favourable trading arrangements, ACP exports to the UK could face a double impact. First, certain products could face higher MFN tariffs. Second, this would expose them to greater competition in the UK market, particularly from non-ACP developing countries. The overall impact will, however, depend on the relative significance of the UK market for ACP exports.[2]

The Caribbean Forum (CARIFORUM) EPA

The EU is CARIFORUM's second largest trading partner, after the USA.[3] In 2015, CARIFORUM countries exported about US$3.1 billion of goods to the EU, including goods worth US$718 million that went to the UK (about 23 per cent). Sugar accounts for about one third of those exports. This means while the UK is not a dominant EU importer of goods

2 Although the UK is an important export destination for some ACP countries, especially where exports are concentrated in such products as sugar, bananas, vegetables, rum, etc., it is not a dominant EU importer in most instances. While the overall effect on the proportion of ACP exports being impacted by Brexit could be small, there will be significant and disproportionate consequences for certain sectors that are heavily reliant on the UK market. Further discussions on these issues can be found in Stevens, C. and Kennan, J. (2016) 'Brexit: a catalyst for EPA exit?' in Mendez-Parra, M., te Velde, D. W. and L. Alan Winters (eds) *The impact of the UK's post-Brexit trade policy on development. An essay series*. London: Overseas Development Institute.

3 CARIFORUM is CARICOM and the Dominican Republic (Table 1).

from the Caribbean, it absorbs a major share of key exports from a few countries (e.g. almost all of the banana exports from Saint Lucia and Dominica, Jamaica's rum exports, and more than 80 per cent of the sugar exports from Belize and Guyana).

CARIFORUM increased its overall goods exports to the EU between 2000 and 2015 (Figure 1). However, exports to both the UK and the EU have contracted since 2008, when CARIFORUM had a trade surplus with Europe. CARIFORUM exports to the EU halved from about US$6.2 billion in 2008 to US$3.1 billion in 2015, while exports to the UK declined from US$905 million to US$718 million during the same period.

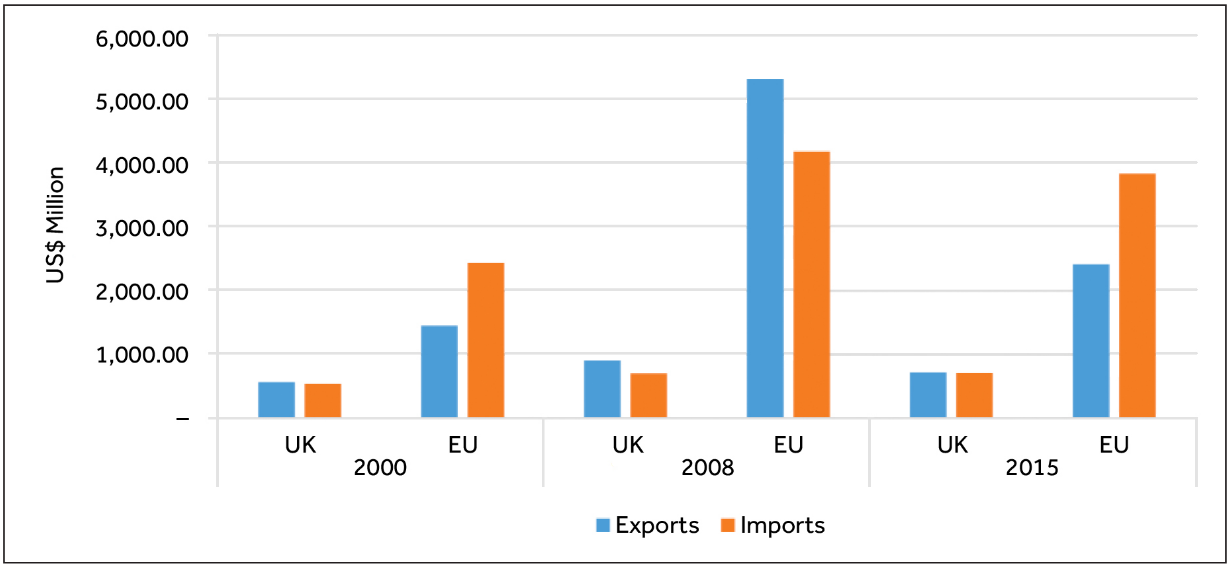
There are several reasons for this disappointing performance. The implementation of the CARIFORUM EPA came at a particularly challenging time, coinciding with the start of the global financial crisis, the Eurozone crisis and a corresponding contraction in European demand, a global trade slowdown, and natural disasters that hit several CARIFORUM states, undermining their economic growth. The mandated mid-term review of the CARIFORUM EPA confirms that, with some exceptions, the agreement has not yet had the anticipated impact on overall trade between CARIFORUM and the EU. CARIFORUM states have not been able to fully exploit commercial benefits from the DFQF market access offered by the EPA. Many CARIFORUM states' weak supply-side capacity, institutional bottlenecks, as well as built-in constraints of the Agreement are considered to be primary reasons for this poor trade performance.[4]

Under the CARIFORUM EPA, all goods exports receive DFQF access into the EU market. In the absence of similar treatment, several Caribbean exports post-Brexit could face higher MFN tariff rates in the UK, resulting in increased competition from non-ACP developing countries. At a broad level, the products most vulnerable to higher average EU/UK MFN duties, as listed below, include:

- fish and seafood products (11.21 per cent)
- edible fruits (5.46 per cent)
- vegetable, fruit and nut prepared food products (13.4 per cent)
- plastic and plastic articles (5.59 per cent)
- clothing (11.6 per cent)
- footwear (9.95 per cent).

The UK is a niche market for some key exports. It is, for example, a rapidly growing consumer market for bananas, sourcing around 25 per cent of its overall banana imports from the Caribbean in 2015. The Dominican Republic is the major beneficiary of the EPA's DFQF market access for bananas, which account for around 75 per cent of its total exports to the UK, followed by Belize, with bananas making up 54 per cent of its UK exports. Without EPA-equivalent preferential treatment, the Dominican Republic and Belize, as well as smaller producers in the Windward Islands, would face greater competition in the UK market from more cost-effective banana suppliers in, for example, Latin America.

Figure 1: CARIFORUM merchandise trade with UK and EU, 2000-2015



Note: EU means EU28 minus UK   Source: Authors' calculations using data from UNCTADStat.

4 Joint Communique of the Third Meeting of the Joint CARIFORUM-EU Council, Georgetown, Guyana, 16 July 2015.

Services are key economic drivers for the EU and for most CARIFORUM states, accounting for 70 per cent of their GDP. The CARIFORUM EPA is the only EPA that includes services and its provisions are generally more attractive that anything available at the multilateral level. However, as the mandated mid-term review of the EPA confirms, Caribbean service suppliers have not, so far, been able to take advantage of the agreement, as they face barriers related to the mutual recognition of standards and difficulties in obtaining visas.[6]

There are substantial differences in the sectoral composition, degree of specialisation and market orientation of services trade between CARIFORUM, the EU and the UK. The UK's major services exports to CARIFORUM include business, finance, royalties and licencing, while the major CARIFORUM services exports to the UK include travel, tourism and communications. The Brexit shock will, in the short to medium-term, have an impact on Caribbean tourism. The weaker pound, potentially lower UK economic performance and greater caution around consumer spending will make the Caribbean's tourism sector less competitive. Given that UK travellers are reported to spend seven times more than the average tourist in the Caribbean[7], the magnitude of this shock may be significant for certain countries.

The Pacific EPA

In 2007, the EU and two Pacific ACP states, Fiji and Papua New Guinea (PNG), concluded an Interim Partnership Agreement, while LDCs in the Pacific with some exports to the EU, chiefly Solomon Islands, continue to benefit from the EU's non-reciprocal EBA scheme. As well as providing DFQF access into the EU market, the Interim Partnership Agreement has more flexible fisheries rules of origin than the other EPAs. It allows globally sourced fish (from anywhere and caught by any vessel) to enter the EU market as Pacific ACP originating product, provided it was landed and processed in the Pacific ACP state. Negotiations towards a Comprehensive EPA (C-EPA) involving all 14 Pacific ACP states have been slow and in March 2016 the EU proposed suspending the C-EPA negotiations for three years.[8]

The trade of goods between the EU and Pacific ACP states is extremely limited. The UK, however, is an important export market for Fiji. In 2015, Fiji exported goods worth about US$125 million to the EU, including about US$97 million (or 77 per cent) destined for the UK market. Sugar accounts for almost 95 per cent of Fiji's export earnings from the UK.

The other EPA signatory, PNG, exported US$520 million to the EU in 2015, of which US$96 million (or 18 per cent) went to the UK. PNG has product-specific export interests in the UK market. PNG's main export to the EU is palm oil, with just over 35 per cent destined for the UK. Processed fish is PNG's second largest export to the EU, with the UK absorbing approximately one third of this.

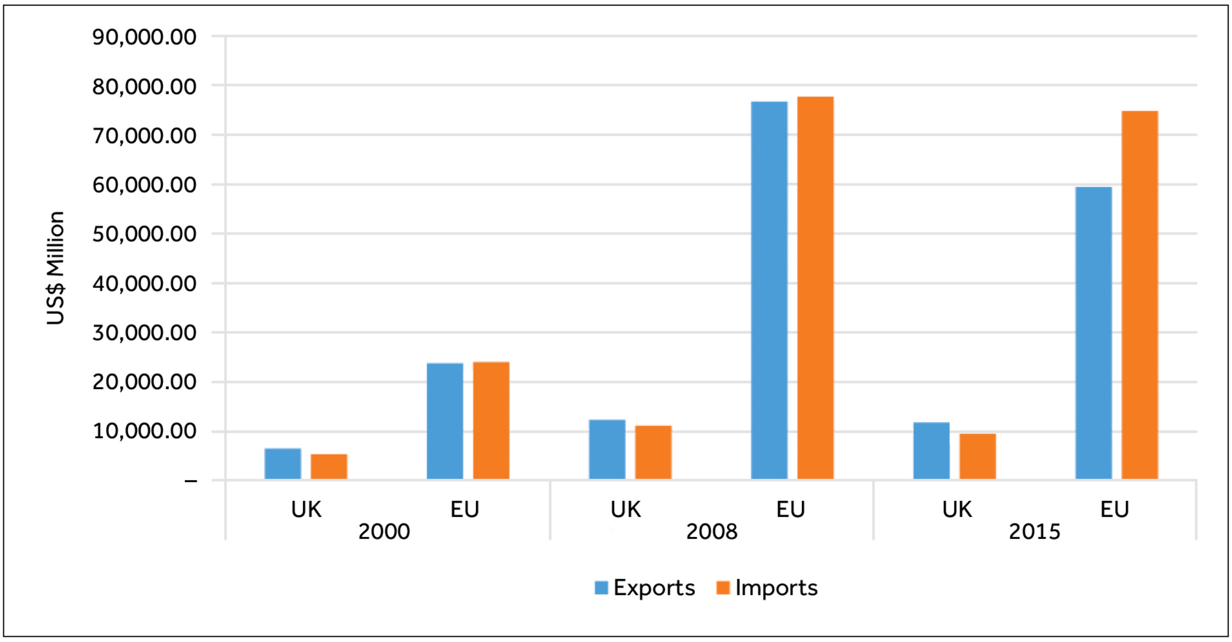
Although the rest of the Pacific ACP states do not have substantial exports to the EU, the UK market remains significant for some, including Tuvalu (74 per cent of its EU exports are destined for the UK), Vanuatu (48 per cent), Samoa (46 per cent) and Micronesia (38 per cent).[9]

Sugar is a vital export for several Caribbean and Pacific economies. Given that the UK is the largest importer of sugar into the EU, concerns have been raised about the implications of Brexit for future bilateral trade in this commodity. The UK accounts for about 95 per cent of the EU's imports of sugars and sugar confectionery from CARICOM. On the Pacific side, Fiji, sells the bulk of its raw sugar to the UK through a direct contract between the Fiji Sugar Corporation and Tate & Lyle Sugars in London.

The CARIFORUM and Pacific-EU EPA sugar suppliers enjoy favourable market conditions in the EU: DFQF access under these agreements, plus higher prices as a result of production quotas.[10] The impact of Brexit will, therefore, depend on whether the UK continues to apply similar EU policies. But Brexit is not the only external shock that will affect ACP sugar producers. The end of production quotas in October 2017 means that ACP producers risk losing their market share because of competition from increased EU output and imports from more efficient producers, especially Brazil.

6 Greene, G. (2015) "The CARIFORUM Economic Partnership Agreement: Lessons from Implementation". *Commonwealth Trade Hot Topics*, Issue 121.
7 Global News Matters. Caribbean Research (2016) 'BREXIT Implications for the Caribbean – An Interview with Leading Caribbean Economist Marla Dukharan' (https://globalnewsmatters.com/wp-content/uploads/2016/06/Marla-Interview.pdf).
8 One major factor leading to this standstill has been disagreements over fisheries-related conservation and management measures.
9 Based on average EU imports between 2013-2015. However, the share of the EU market may be influenced by exports of just a few high-value products over this period.
10 Sugar is also important for sub-Saharan Africa, which exports about 20 per cent of its annual sugar production to the EU. Mauritius is one of the more efficient ACP producers with good longer-term prospects of supplying the EU post-quota. Swaziland and Zambia could find opportunities in the growing East African markets, such as Kenya and Tanzania.

Figure 2: Sub-Saharan Africa merchandise trade with UK and EU (2000-2015)



Note: EU means EU28 minus UK   Source: Authors' calculations using data from UNCTADStat

EU, UK and sub-Saharan Africa EPAs

The EU, including the UK, remains a major trade, investment and development cooperation partner for many sub-Saharan African countries. These countries almost doubled their merchandise exports to the UK over the period 2000-2015, from US$6.5 billion to about US$12 billion (Figure 2), while overall exports from sub-Saharan Africa to the EU have grown from just over US$30 billion to US$71 billion. Despite its relatively low market share compared with the overall EU market, the UK is an important export destination for several sub-Saharan African countries. More than 40 per cent of exports from Botswana and Seychelles to the EU are destined for the UK, while another five countries send more than 20 per cent of their EU exports to the UK: The Gambia (32.5 per cent), Equatorial Guinea (32.4 per cent), Mauritius (29.3 per cent), Kenya (28.7 per cent) and South Africa (26.3 per cent).[11] Several countries also depend heavily on the UK market for exports of particular products to the EU, such as tea (Kenya and Malawi), fresh vegetables (Kenya), processed fish products (Ghana, Mauritius and Seychelles), fresh or frozen beef (Botswana and Namibia), gold products (South Africa) and diamonds (Botswana and Zambia). Southern African citrus producers sell about 10 per cent of their overall exports to the UK.

In 2014, the EU concluded three regional EPAs with the Southern African Development Community (SADC), the East African Community (EAC) and West Africa. The EU set a deadline of 1 October 2016 to sign and ratify these agreements, after which the EU would revert to higher Generalised System of Preferences (GSP) duties for non-LDC African countries.

All SACU parties to the SADC EPA have ratified the agreement and it was provisionally implemented on 10 October 2016. In West Africa, Heads of State from the Economic Community of West African States (ECOWAS) endorsed the EPA for signature, but The Gambia, Mauritania and Nigeria have not yet signed, amid concerns that the EPA will harm their industrialisation. To avoid higher GSP duties, Côte d'Ivoire and Ghana ratified the 2007 Interim EPAs. In future, this may have implications for the ECOWAS common external tariff.

The EAC EPA is a full 'regional' EPA, which means that all five EAC members must collectively sign the agreement before it can be implemented. Kenya has ratified and Rwanda has signed the agreement, while Tanzania has declared it will not do so, fearing the consequences for its revenues and domestic producers and industries. A Summit of EAC Heads of State on 8 September 2016 requested a three-month extension to clarify some of the members' concerns and called on the EU not to penalise Kenya. Although the European Parliament extended the deadline for Kenya to ratify the EAC EPA to 2 February 2017, the agreement was ratified on 20 September 2016.

11 See footnote 9.

But Brexit may complicate things still further for Kenya. In 2015, the UK received 16.5 per cent of total EU imports from the five EAC members (US$2.6 billion) and about 28 per cent of all EU imports from Kenya. Kenya's most important exports to the EU are black tea (with about 80 per cent of its exports going to the UK), fresh or chilled beans (58 per cent), fresh cut roses and buds (16.5 per cent) and other fresh or chilled vegetables (80 per cent). Because the UK absorbs just under 30 per cent of Kenya's exports to the EU (and this includes the bulk of its major exports to Europe), Kenya's overall exports to the EU are bound to decline post-Brexit. This may upset the balance of liberalisation commitments in the EAC EPA if the UK is no longer a party to the agreement.

Given the possibility of a 'smaller' EU Single Market and related trade flows, several other EPA signatories with strong export exposure to the UK may have similar concerns if EPAs exclude the UK in the future. For example, 241 South African products are imported only into the EU by the UK, including about 98 per cent of its largest single export to the EU, namely gold products, including gold plated with platinum (CN71081310). Kenya has 213 products and Nigeria, yet to sign an EPA, 203 products destined only for the UK market in Europe.[12]

Most exports from sub-Saharan Africa to the EU currently receive DFQF market access under the EPAs, where these have been signed, or the EBA scheme for LDCs. In the absence of similar treatment post-Brexit, a range of products could face higher MFN duties in the UK market, as well as competition from non-ACP developing countries. At a broad level, the products most vulnerable to higher average EU/UK MFN duties, as listed below, include:

- fish and seafood products (11.21 per cent)
- floricultural products (5.94 per cent)
- edible vegetables (7 per cent)
- meat, fish and seafood prepared food products (13.83 per cent)
- vegetable, fruit and nut prepared food products (13.4 per cent)
- tobacco and tobacco products (21.46 per cent)
- carpets (7.38 per cent)
- clothing (11.6 per cent)
- footwear (9.95 per cent)
- aluminium (6.45 per cent)
- vehicles (6.37 per cent)

Any erosion of preferences in the UK market for many of these value-added products could have an adverse impact on the continent's plans for structural economic transformation, as outlined in the African Union's development plan, *Agenda 2063*.

The potential impact on ACP exports

The UK is an important export destination for some ACP countries. As noted earlier, in the absence of equivalent market access as the EPAs post Brexit, many of these countries may face higher MFN duties and competitive pressures in the UK market. Based on average annual EU imports in 2013-2015, 22 ACP countries, excluding the LDCs, face a potential calculable MFN tariff hike equivalent to more than 1 per cent of their total exports to the UK. In effect, these countries could face a 'new tax' of about US$250 million. In absolute terms, South Africa may have to pay the largest import duties (about US$80 million). Although they export considerably less than South Africa, two fellow SADC EPA states, Swaziland and Namibia, would also be impacted, facing a potential 'tax bill' equal to 8 per cent or more of their exports to the UK. However, proportional to current exports, two ESA EPA members would be the worst affected: Seychelles, followed by Mauritius.[13]

UK policy options for EPA countries

There are various ways to frame and shape the UK's future trading arrangements with the ACP to avoid such adverse outcomes. For the LDCs, perhaps the best option would be for the UK to devise its own GSP that builds upon and improves current arrangements for the world's poorest countries, such as the EU's EBA scheme. Post-Brexit, the UK Government should at least maintain this level of market access for LDCs. However, it could go further by introducing relaxed and more generous rules of origin (e.g. Australia and Canada require recipient countries to add only 25 per cent local value for goods to qualify for duty-free access) and reducing non-tariff barriers. The UK's offer of trade preferences should be extended to services, in line with the agreed LDC Waiver under the World Trade Organization (WTO).

One key issue is whether the UK can accede separately to existing EPAs[14] or install EPA-replicas for ACP countries that have signed the deals with

12 These products are defined at the Combined Nomenclature (CN) 8-digit code. CN is the EU's classification of goods, which meets requirements in terms of external trade statistics (both intra- and extra-Community) and customs tariffs.

13 Based on the information provided in Stevens, C. and Kennan, J. (2016) 'Trade Implications of Brexit for Commonwealth Developing Countries'. *Commonwealth Trade Hot Topics*, Issue 133.

14 The legal basis for this is uncertain (see Stevens and Kennan, ibid.)

the EU. While the existing EPAs could provide readily available frameworks, this would re-open negotiations on many contentious issues, as – given the market size – the UK would not have the same bargaining position as the EU, and the process could drag on for years. Some have also argued that rather than strengthening regional integration in Africa, the EPAs have actually fragmented the existing Regional Economic Communities by establishing five different reciprocal trading regimes with Europe. The UK will have to consider not only whether the replication of EPAs is possible, but whether it should be pursued.

To avoid any immediate adverse outcomes, the UK could explore offering temporary, unilateral preferential access to developing countries that currently have access to the UK market through FTAs and EPAs. Even though this violates WTO rules, the EU has used various Market Access Regulations to provide such access for some ACP countries since 2007, pending the signing and ratification of EPAs.[15] A more WTO-consistent approach would be for the UK to request waivers to grant non-reciprocal preferences to ACP developing countries. There are precedents for such arrangements: the USA has WTO waivers for its trade preference initiatives with the Caribbean (i.e. the Caribbean Basin Initiative) and Africa (i.e. the African Growth and Opportunity Act, AGOA).[16] This option would avoid the need for difficult negotiations with ACP countries at this stage, while ensuring the continuity of their preferential treatment.

Once the short- to medium-term transitory measures are in place to provide policy continuity and avoid trade disruptions, one medium- to longer-term option for the UK could be to negotiate development-friendly and WTO-compatible trade agreements with ACP regions. Under the African Union's formal integration plan, member states aim to launch an African Customs Union by 2019.[17] While this is an extremely ambitious target with many challenges, such a customs arrangement could provide an opportunity for post-Brexit UK and Africa to negotiate a single Free Trade Agreement (FTA) in goods that will also reinforce African continental integration. This agreement could also frame the UK's approach to overall Aid for Trade to help African countries build and diversify their productive and supply capacities. The USA also envisages greater reciprocity in its trading relations with sub-Saharan African countries when AGOA IV expires in 2025.[18] However, given the continent's ambition for structural transformation and the concerns raised by LDCs about reciprocity, it is unclear whether African countries would be willing to negotiate an agreement that liberalises all trade substantially, as required by the WTO. On the UK's side, it is unclear whether a trade agreement that excludes services and investment would satisfy the commercial interests of post-Brexit Britain.

One key challenge for many ACP exporters is compliance with the high standards and regulations required for access to the EU market. In the interim, the UK could retain most of the EU's current body of trade-related standards. However, ACP suppliers feel that some of these regulations are unnecessarily onerous and even protectionist, and should be reviewed or rescinded. For example, citrus exports from South Africa and Swaziland to the EU have been impaired by stringent sanitary and phytosanitary (SPS) standards for citrus black spot, losing market share to Spain as a result.[19]

Post-Brexit, the UK would have the autonomy to develop its own set of agricultural regulations based on internationally recognised science and in accordance with the WTO. Since the UK is not a citrus producer and relies on food imports, there may be a case for greater flexibility and for rescinding some EU measures regarded as unfair or protectionist by ACP producers, if this does not jeopardise plant health and food safety. For other goods imports,

15 Jones, E. (2016) 'Brexit: opportunity or peril for trade with developing countries' in Mendez-Parra, M., te Velde, D. W. and L. Alan Winters (eds), op. cit.

16 A WTO waiver permits the USA to provide duty-free treatment to eligible products originating in beneficiary Central American and Caribbean countries and territories from 1 January 2015 until 31 December 2019. In November 2015, the WTO's Goods Council approved a request from the USA for the extension of a 2009 waiver for AGOA. AGOA IV has been renewed for 10 years, up to 2025. The shortcomings of AGOA should however be noted: it is unilateral, sets political and economic eligibility criteria, and excludes several important products of export interest to Africa.

17 The 1991 Treaty Establishing the African Economic Community (AEC), known as the Abuja Treaty, provides the blueprint for Africa's economic integration. The Abuja Treaty lays out a roadmap to establish the AEC through six stages over a period of 34 years, up to 2028. Negotiations to establish the Continental Free Trade Area (CFTA) by 2017 are underway. The CFTA is a precondition for progressing to a customs union. Both targets are extremely ambitious, and will be complex and challenging to achieve.

18 The AGOA Extension and Enhancement Act of 2015 directs the USA Trade Representative to begin the process of negotiating reciprocal trade agreements that are similar to the EU-EPAs with sub-Saharan African countries.

19 'SA cuts citrus exports to Spain', 18 March 2015. At: http://www.fin24.com/Companies/Agribusiness/SA-cuts-citrus-exports-to-Spain-20150318 (accessed 2 September 2016).

the UK and the EU could consider mutual recognition of standards, which would reduce ACP trade costs by requiring 'one-time only' compliance and certification.

Conclusion

The UK is an important trade partner for some ACP countries and LDCs, and it is imperative, therefore, that Brexit does not result in trade disruptions or unfavourable outcomes for these countries, especially through the imposition of higher MFN duties. UK policymakers should reassure these countries that their market access to the UK following its withdrawal from the EU will be just as favourable as the existing arrangements. Given all of the uncertainties around Brexit, such reassurances of trade continuity are vital for investment decisions and future planning.

It is also important that the UK strengthens its role in promoting trade-led economic development. The country has always recognised and championed the special needs and challenges faced by ACP countries, particularly those in Sub-Saharan Africa, as well as LDCs and small states. It is one of the few high-income countries that fulfils the UN target of providing 0.7 per cent of gross national income as overseas development assistance. The UK has also played a critical role in advocating for Aid for Trade as a way to help developing countries with supply-side capacity building. Post-Brexit, it is crucial that the UK continues its bilateral trade and development cooperation with developing countries, especially the world's poorest nations.

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