

**LEGON CENTRE FOR INTERNATIONAL AFFAIRS AND DIPLOMACY  
(LECIAD)**

**UNIVERSITY OF GHANA**



**AN ASSESSMENT OF BREXIT'S IMPLICATIONS FOR  
TRADE RELATIONS WITHIN THE COMMONWEALTH:  
A COMPARATIVE STUDY OF SOUTH AFRICA AND  
GHANA**

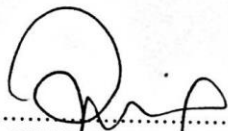
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**THIS DISSERTATION IS SUBMITTED TO THE UNIVERSITY  
OF GHANA, LEGON, IN PARTIAL FULFILLMENT OF  
THE REQUIREMENTS FOR THE AWARD OF  
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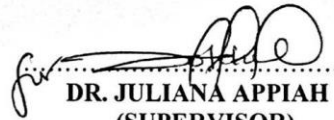
**DECLARATION**

I hereby declare that this dissertation is the presentation of my original research work which I am submitting to LECIAD in consideration of the award of a higher degree in MA International Affairs. I have adequately ensured that the work does not reach copyright law. Sources of my research have been cited and duly acknowledged.

I, Esinam Afi Seade, declare that this work is thoroughly my sole personal effort.



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## DEDICATION

*I give special thanks to God for the opportunity to embark on this academic journey that doubled as a self-discovery journey also. Thank you to my family, Mr. and Mrs Atsu Seade, Dela Seade, Emefa Seade and Eyram Glikpo for complimenting what I found as my reason for existence. I also dedicate this work to Mr. Elorm Mawuli-Kwawu who pointed me to a passion I was tenable for. Finally, I dedicate this work to all young people in Africa who will very soon steer the affairs of the continent.*



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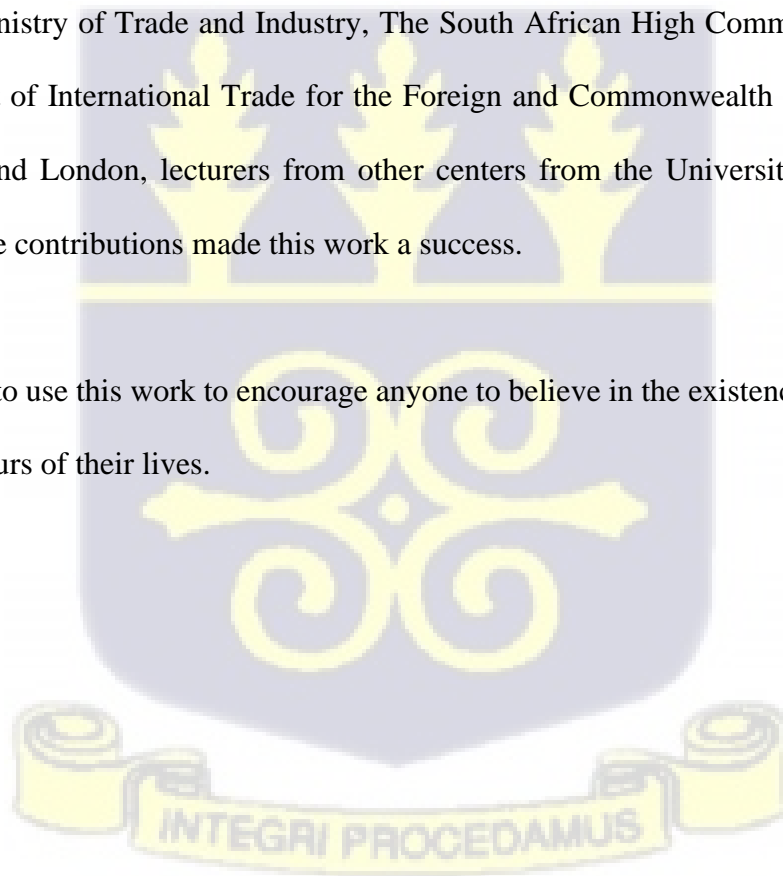
This work would not have been completed without the enormous support from family, friends, lecturers and colleagues who believed in me.

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I wish to convey a special thanks to my friends and colleagues who assisted me in the securing incredible interviews

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Finally, I wish to use this work to encourage anyone to believe in the existence of possibilities in any endeavours of their lives.



### LIST OF ABBREVIATIONS

ACP	-	Africa Caribbean and Pacific States
AfCFTA	-	African Continental Free Trade Area
CAP	-	Common Agricultural Policy
CHOGM	-	Commonwealth Heads of Government Meetings
ECOWAS	-	Economic Community of West African States
EEC	-	European Economic Community
EPA	-	Economic Partnership Agreement
EPA	-	Economic Partnership Agreement
EU	-	European Union
EU	-	European Union
FDI	-	Foreign Direct Investment
NIESR	-	National Institute for Economic and Social Research
SADC	-	Southern African Development Community
TDCA	-	Trade, Development and Co-operation Agreement
UK	-	United Kingdom
UNECA	-	United Nations Economic Commission for Africa



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## ABSTRACT

Continents, Organizations, Nations and Economies have all identified the changes in the global trend of trade and have endeavored to ascertain the implications of activities surrounding it. Same is said for the happenings of Brexit and its follow up actions or inactions from continents like Africa and for an organization like the Commonwealth. This study purposefully assesses the implications for trade relations within the Commonwealth with focus on Ghana and South Africa as a representation of countries with similar or mutual economic pedigrees. The work discusses the potential trade policies that may arise while finding that Brexit may leave dire repercussions on Commonwealth Africa. The study also discovers that in order of significance, the Commonwealth African countries may not be the priorities of UK in the conversation of reframing trade relationships as much as it is anticipated. Some Africa-EU-UK relationships already existed through the signing of protocols and agreements which necessitated the inflow of development funding from the EDF, and which may be affected substantially due to the Brexit. It is also found that the UK may retain its single market with the EU which will not arguer so much difference in the existing tariff arrangements with other markets like Ghana and South Africa. There is also surmounting fear that there may be the shoring up of business cost for these countries should the UK decide to directly deal with the 162 WTO members separately. Finally, a positive implication may be the window of opportunity for South Africa and Ghana to negotiate their terms of trade with the UK. Importantly, this work employed the qualitative approach and gathered data through interviews and from books, journal articles, and other online sources. The concept of International cooperation anchored the analysis of the study and generally aimed at adding on to existing literature.



## CHAPTER ONE

### INTRODUCTION

#### 1.0 Background of the Study

The aftermath of the United Kingdom's voting in a national referendum in June 2016 led to the "creation of opportunities for the UK to escape the European Union's apparent protectionism and cumbersome internal politics to pursue a more liberal and globalist trade agenda based on the Commonwealth" (Murray-Evans, 2016.p 489). Major campaigners of the United Kingdom's exit from the European Union (EU), an action well known as the 'BREXIT', have held the position that specifically, the 54-member Commonwealth group, serve as the basis for a striving agenda for the opening of chains of new British trade agreements following a vote to leave the EU (Murray-Evans, 2016.p 489).

The European Union was born from an interest in consolidating a regional bloc that would provide a single market for economic integration with its related benefits to its members. It currently has 28 sovereign members who have decided to wield some part of their sovereignty for collective gains. Countries decision to join any regional bloc is intricately influenced by certain fundamental drivers and this applies to Britain's action. De Búrca (2018) opines that the choice of Britain to join the European Union was a practical one with the backing of economic reasons and with clear concerns about the deeper political mission of European integration. According to him, the UK joining the EU at that time was influenced by the sense of victory it had while it came out of the Second World War, its linkage of commonwealth relationship and its 'Atlanticist' outlook (p. 49). Gradually and eventually, the UK felt it was being left out. It was not changing alongside Europe. The same writer references Helen Wallace's work in which she expressed that British governments have been consistently

anxious that other European governments would get before of them with cooperative and integrationist adventures that would leave the UK on the side-lines. (Wallace 2000). "She noted that despite the UK's enthusiasm for specific EU policies, in particular for the Single Market but also, interestingly, for the development of EU foreign policy, there remained a deep resistance towards European 'federalism' and everything this was assumed to imply (Economist 2003)" (Gráinne de Búrca 2018 p. 48). This goes ahead to buttress the utter skepticism and wavering confidence the British government had in the integration structure of the European Union, leading to its eventual demand to exit.

Britain's exit from the European Union remains a global issue with a gripping effect as said by Fasan (2016) for some two reasons he opined. First, Europe and Britain both play very instrumental roles in the prosperity of the world that any fall-out in their relationship may arouse worldwide anxieties. Second, Britain has been instrumental in representing the voice of many countries outside Europe in the opaque and complex world of Brussels politics and policy decisions.

The above stated opinions also suggest that countries in Africa, especially the Commonwealth or Anglo- African countries be zeroed down into. By way of emphasis, Fasan (2016) again supports the assertion that the existence of Britain at the EU table is valuable and necessary to many non-EU countries in two respects.

On the foremost note, without Britain, 'third countries' and some non-EU countries with significant trade links to the EU, stand the danger of losing their utmost advocate of free trade within the EU. Secondly, more than any EU member state, Britain is identified as a strong pro-development and chiefly pro-Africa (Fasan, 2016 p. 3).

Mendez-Perra et al (2016) have it that most developing countries have special trade arrangements that are somehow intrinsic to the UK-EU's membership and could mean negative ramifications to these developing countries. It as well means that significant ramifications bedevil the UK and her attempt in making foreign policies that address their new ties of trade, especially with the Commonwealth. According to Hove and Wakeford (2016), Brexit carries the potential of leading to negative economic development and may drag the UK economy into a recession. As stated in an Open Europe 2015 report, a study conducted in 2004 by the National Institute for Economic and Social Research (NIESR) identified that that the UK's GDP would fall by 2.25% permanently after withdrawal, mainly due to reduced Foreign Direct Investment (FDI) leading to lower technical progress.

By and large, some African countries established ties with the EU through the Economic Partnership Agreement (EPA), the Trade, Development and Co-operation Agreement (TDCA) and other economic agreements due to their association with their respective regional blocs. Brexit entails a huge reset of the UK's trade relations and this encompasses, among other things, the fabricating and supporting of future trade relations with Least Developed Countries and other developing countries covered by the EU's Generalised System of Preferences (Mendez-Parra et al, 2016).

The European Commission identifies its largest partner in trade in Africa as South Africa, which is so far the largest among the Sub-Saharan African Economies. According to Kalaba (2016), in 2014 the UK emerged as South Africa's eighth-largest market, representing 3.82% of total exports. Ghana also stands as that African country that remains progressive in the growth of her economy and has a good standing with the UK as well as the European Union (EU). According to African Development Bank's 2020 economic outlook report, Ghana's

annual growth rate which stood at an average of 6.7% in 2019 is higher than Africa's 3.9% in the same year. This gives credence to Ghana's outward looking trade relation within the global system, evidenced by the trade relations with the UK and the EU. The EU's recent trade agreement with Ghana was articulated through the ECOWAS bloc. Within the ECOWAS, Ghana together with Cote d'Ivoire as of 2012, signed a provisional Economic Partnership Agreement with the EU irrespective of the delayed regional negotiations to protect current duty free-quota free access to the EU market.

These indicate active conversations around trade relations among the countries aforementioned. It also indicates the not so clear tangent of costs and benefits analysis that could be churned out of the Brexit conversation and to an extension, the new Commonwealth roles in these discussions. Fundamentally, whichever country that has had trade relations with the UK but through the EU but wishes to maintain some trade agreement with the UK would have to take negotiations seriously.

### **1.1 Statement of the Research Problem**

This study seeks to assess the possible trade implications the Brexit will have on Ghana and South Africa comparatively as a case study to the overall implications on commonwealth African Countries with similar fundamentals. Ghana and South Africa remain part of the Commonwealth by dint of their colonial history with the United Kingdom. Both countries seek to grow their markets, which will reflect positively on their economy. Existing ties with regional blocs and their signing on to the Economic Partnership Agreements may play huge roles in which kinds of co-operations they will eventually get to trade with.

The Republic of South Africa in June 2016, according to the European Commission, signed the European Union-Southern African Development Community Economic Partnership Agreement (EU-SADC EPA) together with five other countries. Ghana already signed the EPA under the ECOWAS-EU arrangement. It leaves a lot of questions on how the UK will now reframe their Economic Foreign Policies without breaching any regulations upon exit from the EU.

According to Murray-Evans (2016), the UK upon exiting the EU will no longer be a party to EU trade agreements and third countries will be deprived of any preferential access to the UK market that those agreements currently confer (p 494). trade relations that currently exist between the EU and Africa will offer the framework and offer incentives that are possibly going to structure the post-Brexit trade regime in this region. This means that policy conversations of gains and losses would emerge through new cooperation agreements. Conversations with Ghana and the UK will be different in the same way as conversations with South Africa will also be. All these conversations will, however, be looked at through the lens of the new Commonwealth of Nations as the binding International organisation. Due to the gap in literature on post Brexit impact on the developing Commonwealth countries in Africa, and giving the vital nature of these countries, there exist the need to consider this area of research as a legitimate area of enquiry, hence the focus of my research.

## **1.2 Research Questions**

- What are the trade implications of Brexit to Ghana and South Africa?
- What are the trade strategies open to Ghana and South Africa in relation to the EU and UK?

- What are the prospects of Post-Brexit trade agreements between Ghana and the UK as well as South Africa and the UK?

### 1.3 Objectives of the Study

Objectives of this study will be;

- To identify the economic implications germane to Ghana and South Africa.
- To investigate possible reforms in Ghana and South Africa's approach to trade relations with the UK and the EU.
- Examine plausible trade agreements between Ghana and the UK as well as South Africa and the UK in the post Brexit era.

### 1.4 Scope of the Research

The scope of the research will cover Ghana and South Africa's past trade relations with the EU and the UK in the capacities of members of the Commonwealth. It also covers the implications of the Brexit on the United Kingdom, new arrangements for the strengthening of ties and the trade implications on Ghana and South Africa. This is a predictive research looking to span from the years 2016 to 2020.

### 1.5 Rationale of the Study

It stands crucial for countries to know their potential gains or losses by dint of cooperation and acceptance to enter into certain trade relations and agreements. While this is the case, the minds of key players in the conversations surrounding Brexit must be brought to the fact that there is the need to introspect on what the ramifications of Brexit will bring on side-line nations. This policy caveat is particularly germane to countries associated to the UK by colonial history and have been listed as the last resorts for trade relations.

This study seeks to bring out the effects of the United Kingdom's withdrawal from the EU and intended cooperation or strengthening of trade ties with the new 'commonwealth', most especially South Africa and Ghana. It intends to add on to the literature on African Commonwealth, the UK and the EU trade relations. This will shed light on the potential liabilities of Brexit as it provides certain recommendations to well inform decision-makers in taking the best decisions.

## **1.6 Conceptual Framework**

The framework that underpins this study is the concept of International Cooperation. According to Milner (1992), Robert Keohane and other scholars have defined cooperation in the international system to mean when behaviour of actors are modified to the actual or anticipated preferences of others, through a progression of policy coordination. Cooperation has correlated with gains in nearly all instances, whether absolute gains or relative gains.

According to Minler (1992) the concept of cooperation carries two assumptions. The first assumption is that every actor's behaviour is geared toward some goal(s). The goals of all actors need not be the same, although it does assume rational behaviour on their part. The next assumption is; the definition infers that cooperation provides some rewards or gains to the actors. In short, it entails goal-directed behaviour that involves common policy adjustments so that all factions leave off enhanced than they would have be (p 468).

This concept churns out from the Liberal Institutional school of thought or a theory. According to Phan (2018), Liberals maintain that the international order after World War Two

(WWII) has been replete with "open markets, multilateral institutions, cooperative security, alliance partnership, [and] democratic solidarity and also highlights the participation of multiple actors as well as the role of normative rules in world politics" (p 306). Some of these multilateral institutions included the Bretton Woods institutions that was established in 1944 and the United Nations. This school of thought asserts that while the realists believe states in the International system do not trust each other and pose some form of unwillingness to cooperate, Phan (2018) maintains states actually can establish interdependent ties, through trade and institutionalized co-operation, which eventually can mould state preferences and policy (p 307).

The realist school of thought stands in opposition to the theory of Cooperation.

In an anarchical international system where there is no central authority to regulate levels of gain, realists believe there cannot be a search for relative gains. Snidal (1991) posits that the relative gains standpoint is that international cooperation is limited because states worry about how well they do relative to each other rather than how well they do themselves. Milner (1992) in his work "Theories of Cooperation", reports Grieco's assertion that states are not only in for relative gains but also absolute gains. According to Grieco with cooperation, it is difficult for any state to achieve absolute gains since no state will want fewer gains than the other; thus impeding cooperation (p 471).

This framework best fits in this study because it seeks to help churn out the ideas of gains for all parties concerned whilst studying the economics and trade implications of Brexit. It also helps with the expression of some willingness or otherwise of these countries and or bodies and the potential they carry moving forward. The framework will be a yardstick in directing data collection and analysis to achieve a well-established finding at the end.

## 1.7 Literature Review

### 1.7.1 *Commonwealth*

The article, "Commonwealth of Nations Today" was written by Professor B. Vivekanandan in 1974.

He highlights the pivotal transformation the Commonwealth of nations had experienced at the set time when India, Pakistan, Ceylon and later other African countries joined in and mentioned the good it meant for the organisation. The article talks about how the commonwealth comprises independent states of different races, leadership and ideology and discusses some history of opposition the multiracial introductions faced especially from the South African Union (Vivekanandan 1974. p 18).

Vivekanandan also mentions how India's decision to stay in the commonwealth laid the foundation for the organization to embrace racial equality and respect of all rights of individuals and nations (Vivekanandan 1974. p 17). This allowed the further promotion of international cooperation through the establishment of a commonwealth secretariat. He again posits that the "impact of the establishment of an independent Secretariat, owned and financed by the Commonwealth and staffed from the member countries, on the organization was that it marked the completion of the transformation of the Commonwealth into a truly international organization" (Vivekanandan 1974. p 28).

He argues that the secretariat served as the incentive to further push for the servicing of prime ministers of the member states, the strengthening of international cooperation and running a formidable organization that worked independently from Britain in pursuing a strong economic development agenda for its members. He can extensively discuss the ambition of the

commonwealth in alienating discrimination in the organization and encouraging the coming together of all members in supporting the agenda of bridging economic cooperation gap. The article makes us know how the United Kingdom works hard in ensuring that it does not only represent the interests of the members of the commonwealth but facilitate an all-inclusive running of the organization for mutual gains.

In conclusion, a point to contest however is how the writer over emphasizes the issue of racial and colonial haunts that the Commonwealth members were likely to face. It mentions how cumbersome the initial stages were for the Afro-Asian prime ministers as new members of the Commonwealth of Nations.

### ***1.7.2 Commonwealth, Brexit And Africa***

The article "Myths of Commonwealth Betrayal: UK–Africa Trade Before and After Brexit" was written by Peg Murray-Evans in October 2016. Murray-Evan's article discusses his claims of what he considers myths associated with the reasons the UK will turn to the Commonwealth Post-Brexit as attempts "to forge a new and ambitious set of trade links with the Commonwealth in Africa".

He argues that the UK had turned their back on the Commonwealth through their triple and insistent tries in joining the EEC which eventually yields successful and further argues how this attempt to be a part of the EEC cuts the preferential trade ties these Commonwealth Countries had with the UK; at the end souring their relationship (Murray-Evans 2016, p 492).

He cites the works of May (2013) and Ward (2001) who also argue that while the UK subordinated the commonwealth countries they were tied to accede to the membership of the

EEC, the EEC also thought of ways of incorporating these countries who were connected to Europe by colonial history. Finally, the EEC 'negotiations to accommodate these countries climaxed in the 1975 Lomé Convention, which approved non-reciprocal trade preferences and a number of profitable commodity protocols for bananas, beef, rum and sugar to the ACP as well as enlarging the European Development Fund' (Murray-Evans 2016, p 491).

He finally analyses that, the UK will find it very complex to negotiate new sets of trade ties with these African Commonwealth Countries because existing trade agreements were woven within the EU's preferential trade framework with the Africa Caribbean Pacific and the Economic Partnership Agreement, and the UK may not stand the chance to offer similar or competing terms that were offered by the EU. That aside, the UK may have to deal with the "considerable resistance from the potential partners who in this case are the African Countries in question with their willingness to engage with the sort of regulatory harmonisation they will seek to bring forward" (p 496).

Although the article was able to discuss the historical antecedents leading to current talks on the potential success or otherwise of the UK building a new relationship with the commonwealth nations in Africa, it speaks minimally on the likely demeanour of the African countries who will now be on the ardent look out for their interest in what may be the potential gains from new trade discourse with the UK far from their ties with the EU. He predicts a Duty-Free Quota Free system of trade with Africa but posits that it might behave obvious setbacks.

It is imperative to highlight that in forging new trade relationships especially with nations that have been co-members of the oldest international organisation; the Commonwealth, elements

of historical underpinnings and understanding of mutual gains cannot be left out of the discussion.

### ***1.7.3 Brexit And Africa***

"Potential implications of Brexit for African Economies" by Hove and Wakeford (2016) provides an analysis of the impact of Brexit on Africa is partitioned in two folds. They look at the UK and EU relationship on one hand and the economies of African countries on the other. Hove and Wakeford (2016) make a speculative analysis based on trends such as capital flow, trade, development assistance from the UK and Europe and the pace of UK and EU economies on the potential implications.

On the part of ill capital flows, they posit that "With unstable financial markets after the Brexit, financial conditions could remain tight, slowing capital flows to African countries in 2016, and affecting the financing of large infrastructure and other projects" (p 2). On trade, the UK is speculated to attempt efforts in renegotiating new trade agreements with African countries and regional blocs. While the existing trade agreements the EU has with African countries are with the regional blocs like the SADC and the ECOWAS, there will be some difficulty in these African countries (eg. South Africa and Ghana) having easier access to the UK markets because of the Brexit.

On other trends like the UK and EU economy and developmental aid, the authors estimated that the UK was the second-largest economy in the EU and a deceleration in the UK economy due to Brexit meant the slowing of economic growth of Europe. This was translated as a potential to "dampen demand for African exports and reduce investment flows to the continent." (p 3).

Finally, the UK is identified as one of the major contributors to the European Development Fund, which is tied to its membership in the EU. This is interpreted as a potential reduction of about 15% in prospective development aid that may come from the EU.

The writers intercept with some opportunities that the Brexit may bring to the African continent and they are identified as;

- New opportunities and a new market for Britain
- Renewal of ties with former colonies (where commonwealth comes in)
- Agricultural policies to support African farmers
- Trade competitiveness on the hope of perpetual weakness of British Pound.

The article does an extensive highlight on the possible deficits that will bedevil Africa and gives faint analysis on some positives it identifies as opportunities. The opportunities aforementioned all rely on the possible deceleration of the British economy which is very unlikely. They also play on the benefit that the UK will gain, for instance, the mention of a new market for the UK as well as going back to their former colonies.

The article does not measure the level of progress the African countries that are being evaluated as already having relationships with the EU would have made and whether the UK will be able to successfully intercept with their renegotiations and discoveries. Will African countries consider renegotiating with the UK an opportunity knowing that Africa as a continent export only 5% of its total export to the UK?



## **1.8 Research Design and Methodology**

The research was done using qualitative research methodology to produce descriptive data as stated by Taylor (2015) and because it included the gathering of texts and opinions. The qualitative research method is best suited since this research seeks to discover in-depth information than to verify the information. To find out or achieve predictions of trade implications as a result of the Brexit, qualitative research method helped to understand the actions and experiences of all subjects under study. Data acquired was used in explaining the happenings of Brexit and its implications on all parties concerned.

The research design herein adopted is the case study approach. This research design is particularly useful to employ when there is a need to obtain an in-depth appreciation of an issue, event or phenomenon of interest, in its natural real-life context. In the context of this study, the focus is on ascertaining the implication(s) of Brexit to African states. Thus, the case study approach lends itself well to explain, describe or explore events or phenomena in the everyday context in which they occur.

### **1.8.1 Sources of Data**

Primary and Secondary Data was used in the research. The primary data comprise of first-hand data obtained through interviews with the relevant interviewees for this research. Primary data was sourced through semi-structured interviews, allowing open-ended questions and more elaborate responses to questions arising in the course of interview. The secondary data also came through the form of books, journal articles among which represented previous scholarly works on the Brexit and its related matter in connection with the problem. This points to the

reason that Brexit since 2016 has been topical in European Political news and has triggered previous researches.

The Staff of the Department for International Trade under the Foreign and Commonwealth Office of the United Kingdom from the UK and in Ghana, South Africa and UK offices were interviewed. The directors at the Ministry of Trade and Industry in Ghana and South Africa as well as the economic desk of the South Africa High Commission were also interviewed. The regional representative of the Royal Commonwealth Society in Africa was interviewed and participants who were not within reasonable proximity were interviewed over phone calls or emails

### ***1.8.2 Study Population***

The study population or case study was within the Commonwealth-African region. This is because although the commonwealth countries are not only within the confines of Africa, the African continent holds a significant position in the colonial history of the Commonwealth. The study uses Ghana and South Africa because these two countries represent two different economic and colonial underpinnings that influence how diversely they interact with the UK and the EU.

Ten (10) respondents made up the sample size and were impartially distributed among sources. Three (3) participants from the Foreign and Commonwealth office (British High Commission) in Ghana and South Africa were interviewed. They were the head of the Department of International Trade, the head of the Political team and the Senior Political advisor to the High Commissioner. A staff member each from the London and South African office of the Department of International Trade, a participant each from the Ministry of Trade and Industry

in Ghana and South Africa and finally, the African Regional representative of the Royal Commonwealth Society who operates from Ghana were interviewed.

### ***1.8.3 Sampling Method***

Snowballing and purposive sampling was used in this work owing to the definite kind of the information required for the research. Initial participants were depended on for referrals to other potential participants to enrich the quality of data collected. It helped to gain access to recommended participants or others who were not accessible on attempts to reach.

The research approach was inductive (specific to general) since it involved the induction of theory from the data collected. The method of collection of data was through interviews and with the help of an interview guide. This entailed sets of questions or areas the interviewee was expected to cover. For example, the Head of Trade was expected to speak to figures that represented expectations or outcomes of Brexit on Trade. The data churned from the various literatures provided a concrete understanding of the subject matter and the reviews and readings guided in what primary data to look out for in the course of data collection.

### ***1.8.4 Data Analysis Method***

The main tool of analysis used in this qualitative research is the thematic data analysis. This is because it helps in identifying interesting patterns in data and uses these themes to analyse the work (Maguire and Delahunt, 2020 p 3353). Thematic analysis is used to analyse classifications and present themes that relate to the data. The thematic data analysis is most appropriate for this study as it seeks to discover using interpretations and the provision of a

systematic element to data analysis. Thematic analysis allows researchers to associate an analysis of the frequency of a theme with one of the whole contents, thus confers accuracy and intricacy to enhance the quality of research work. The thematic analysis in the study was done with recurring ideas through the reviews and readings featured. The thematic data analysis is most prescribed because it fits perfectly in different conceptual or theoretical perspectives (Maguire and Delahunt, 2020 p 3352). Themes like trade policy renegotiation and trade integration, which are seen throughout the work with the help of the thematic data analysis tool helped form the basis of discussion in the subsequent chapters.

### **1.9 Ethical Considerations**

Ethical considerations remain pivotal in researches that involve the use of participants and the representation of their views and contributions in the research work.

The first ethical consideration that was employed was informed consent. I sought the consent of all participants that interviewed over phone calls and emails. They also had to give consent for the use of their contributions in the research work.

### **1.10 Arrangements of Chapters**

The research has four chapters in all. The first chapter is an introduction to the study.

The second chapter is an overview of the trade relations among the triad: the Commonwealth, the UK and the EU.

Chapter three covers the assessment of the implications of the UK leaving the European Union on Ghana and South Africa and all the ramifications that come with it.

The fourth chapter outlines the challenges, summary of the research findings, conclusions and recommendations.

## **CHAPTER TWO**

### **OVERVIEW OF THE TRIAD TRADE RELATIONS: THE COMMONWEALTH, THE UK AND THE EU**

#### **2.0 Introduction**

The Commonwealth represents an aggregate of sovereign nations that trace their route traditionally from being under British rule. It is one of the most vital international organizations of diverse memberships across the planetary scale anchored in some core principles.

This chapter will discuss the background of the Commonwealth and its correlating structures. These comprise the Commonwealth Heads of Government Meetings, the Commonwealth Charter, the Commonwealth Secretariat, the Intra-commonwealth trade relations with the United Kingdom. Thereafter, the chapter discusses the European Union and Brexit interactions. Lastly, the chapter ends with a summary of earlier

#### **2.1 Background of the Commonwealth**

Baert and Shaw (2014) in an attempt to define the commonwealth said that:

Since 1971 the Commonwealth itself has stuck with the definition contained in the Singapore Declaration of Commonwealth Principles and reaffirmed in the newly adopted Charter: 'a voluntary association of independent states and equal sovereign states, each responsible for its own policies, consulting and co-operating in the common interests of our peoples and in the promotion of international understanding and world peace, and influencing international society to the benefit of all through the pursuit of common principles and values (p 1146).

The Commonwealth was arguably termed “the world’s oldest political association of sovereign states” by the House of Commons Foreign Affairs Committee in the 2013 report on the Role and Future of the Commonwealth. The Commonwealth's origin may be traced from 1869 to

1870 when representatives from the UK's self-governing colonies assembled informally to request consultative arrangements.

The actual establishment of the Commonwealth of Nations, however, happened on December 11, 1931, through the Statute of Westminster on the back of various British colonies across almost all continents of the world gaining sovereignty as nations. The association, which has grown to become an international organization, has had a perpetual historical connection among its members and has demonstrated some flexibility while changing within its historical family structure (Hall 1953). The former ambition of the Commonwealth was to mediate and promote a warm relationship among the members, especially because of the attainment of dominion status and to facilitate decolonization, especially for the large territories like Australia, Canada and South Africa (Shaw 2004). Beyond the quest to maintain cordial relationship among the members, the Commonwealth expanded its scope of interest to include development issues, as said by Shaw in his work on the Commonwealth and Global governance.

The attainment of independence by the territories that were once under the crown fundamentally altered the relationship that existed between these colonies and the imperial powers. The 'Dominion status', as it was called, perhaps inspired the British Politician, Lord Rosebery, who visited Adelaide in Australia in 1884, to call the empire 'a Commonwealth of Nations' (History of the Commonwealth – Commonwealth of Nations, 2020). This change between the independent sovereign states and the crown foregrounded the institutional and procedural reforms in the governance architecture of the Commonwealth.

Today, the Commonwealth's structure, according to the 2012 Report from the House of Commons, is not one with codified laws but rather "unwritten traditional procedures" (Ev 111).

It is constituted of 54 members primarily but not exclusively former British colonies because it has some form of backroom conversation for Overseas Territories and Crown Dependencies.

Timothy Shaw in his quest to breakdown the structure of the commonwealth posits that the commonwealth constitutes;

Fifty-four states, seventy plus professional associations, the Commonwealth Foundation with its myriad civil society/NGO links, 14,000 parliamentarians in 165 national and state/provincial/territorial parliaments in the Commonwealth Parliamentary Association (CPA), the Association of Commonwealth Universities (ACU) with over 500 member universities, the Commonwealth of Learning (COL), the Commonwealth Games with more than eighty participating countries/communities, the Commonwealth Lecture, and the Commonwealth Literature Prize, among others. (Shaw 2004, p502).

The breakdown illuminates the diverse composition of the Commonwealth. On April 26, 1949, the London Declaration set a new tone for the Commonwealth. It instituted the Queen as the head of the Commonwealth and clearly outlined the principles and values that the Commonwealth should stand by. On matters of succession, it is established that after the reign of the Queen, it is the duty of the Commonwealth to deliberate and decide on who takes over as the head of the Commonwealth and who will most likely be from the royal lineage.

The Commonwealth has been strong on their principles and values and subsequently, there have been two reforms in the commonwealth declarations that have set the principles and values in proper perspective for all member states. These were the Singapore Declaration of 1971 and the Harare Declaration of 1991. The declaration that came from the Singapore Heads of Government meeting stood for a principle of "voluntary character and consensual working methods of the Commonwealth. It mentioned some of its principles as the mutual belief in the values that hold the Commonwealth together and the belief in the liberties of all individuals irrespective of one's race, creed, religion. The principles also stood for their "inalienable right to participate through free and democratic political processes in framing the society in which they live". The Harare Declaration of 1991 also held on to the underlying principles ("The role

and future of the Commonwealth", 2012 p 14). The Heads of Governments that made up the Commonwealth were held to pledge to uphold the protection of the values especially in the events surrounding the end of the Cold War.

These values have over the years centred on

the protection and promotion of the fundamental political values of the Commonwealth and towards "democracy, democratic processes and institutions which reflect national circumstances, the rule of law and the independence of the judiciary, just and honest government (Role and future of the Commonwealth, 2012, p 14).

From the 2012 Report from the House of Commons, it is stated that the Commonwealth has three intergovernmental institutions, which have been identified as the Commonwealth Secretariat, the Commonwealth of learning and the Commonwealth Foundation. The Secretariat serves as the administrative body of the Commonwealth, the foundation assists civil society organisations through building their capacity for them to be able to engage institutions that generally influence the lives of people and, lastly, the Commonwealth of learning, which remains the only intergovernmental body that promotes open learning and sharing of knowledge through distant means as a way of contributing to the development of the various members of the Commonwealth ("Commonwealth of Learning - The Commonwealth", 2020) Lord Howell, addressing the Commonwealth Parliamentary Association on 26 July 2011 mentioned, that there is a backlog of around 100 associations (70 accredited) in the Commonwealth network working hand in hand for the interests of the organisations' over two billion citizens. Importantly, these associations stand for wide-ranging and varied issues across all member states like issues on gender equality, land rights, education, health, humanitarian relief, disability, culture and trade unions. This level of civil society participation is one of the network's key strengths (EV 90).

These organisations handle pivotal roles by fostering links between Commonwealth countries

and developing countries, embedding and protecting the Commonwealth's core values. Additionally, they assist the Commonwealth in the maintenance and strengthening of its identity and in increasing the prosperity and prospects of the Commonwealth's member states and citizens. It is imperative to know that the conventions and practices thrive on the notion of an equal playing field. This means that all members, no matter the size of their states, are perceived as equal in decision making and proceedings.

Lord Howell again stated in his evidence remarks at the House of Commons in 2012 that the Commonwealth, in the 21st Century, has changed in terms of the duties of the UK. According to him, the UK happens to be a member like any other small state and does not even sit on top of the Pyramid. Although it is not Anglocentric like it was in the past, Her Majesty the Queen, remains the reigning power of the Commonwealth. To buttress this, the secretariat is housed in Marlborough House in London. Prince Charles, the Prince of Wales was agreed upon to be the successor to the Queen as the head of the Commonwealth. This announcement was made at the CHOGM London 2018 by Former Prime Minister of the U.K, Theresa May.

### ***2.1.1 The Commonwealth Heads of Government Meeting (CHOGM)***

While Dale (1982) identifies the declarations that establish and justifies the Commonwealth as an International Institution, he views the Commonwealth Heads of Government Meetings (CHOGM) and the Commonwealth Secretariat as the nucleus of the Commonwealth and further explains what roles they each play that makes them fit for those classifications. The Heads of Government meetings happen every two years. It has been running biennially since 1971 (hosted by Singapore) after it transformed from Colonial conferences in the late nineteenth centuries and finally assuming the status of the Commonwealth Prime ministers' meetings.

The Commonwealth network describes CHOGM as “the association’s ultimate policy-and decision-making forum”. It also mentions that CHOGM has three key objectives, which are usually tied around the leaders who participate. First, the meetings allow the leaders to review issues surrounding international political and economic developments, to determine what actions to take and where appropriate, issue a communiqué stating the position of the Commonwealth. Second, leaders sit to explore opportunities for commonwealth cooperation with members for mutual developmental agenda. They look at what has been done in the past and what new things they can do in the subsequent years. Thirdly, the members and their leadership use each summit as an opportunity to re-ignite their sense of connection and togetherness. It becomes an avenue to strengthen “family” ties among all members and identify with the values that hold the commonwealth together. (CHOGM – Commonwealth of Nations, 2020).

At the summit, a tentative agenda is drawn by the Secretary-General while consulting the with the Governments. Papers are sent around by him and by Governments. An agreed communiqué is issued at the end of the meeting; or it may be if an interim communiqué has been issued on a matter of urgent interest, a "final communiqué". The communiqué records in summary the deliberations and joint views and decisions of the Governments. They are long, extending to possibly to twenty pages, which is expected, considering the range and depth of the discussions, and the length of the meetings (seven or eight days).” (p 456)

Dale (1982) finally adds that to gain a clear perspective of the diverse activities resulting from Heads of Government Meetings one must read the communiqué (published as Command papers), and the Reports of the Secretary-General, issued every two years in readiness for the

Heads of Government Meetings.

It is also identified that the CHOGM over the years has been a good platform for the propagation of the principles and values of the Commonwealth. According to Duxbury (1998), as the principal decision-making body of the Commonwealth and its most public face, CHOGM reflects two fundamental principles of the organisation: compromise decision-making and the avoidance of interference in the domestic affairs of member states.

This meeting is hosted by member cities and while this is the case, the activities of the various host countries seem to mar the reputation of these meetings and to a wide extent influence the turnout. For example, Baert and Shaw (2014) report that “the Commonwealth Heads of Government Meeting in Colombo was overshadowed by controversies about the bad human rights record of the host country, Sri Lanka, which resulted in the absence of many important heads of state and a concluding communiqué which could not expunge the diplomatic fiasco” (p 1144).

Baert and Shaw (2014) posit that a lot of activities in Business, Human Rights, People's and Youth Forums take place in the margins of the CHOGM because of the existence of other associations that sub-emerge from the big organs like the CHOGM and the Commonwealth Secretariat. The CHOGM is now likened to the biggest durbar of the Commonwealth and as stated earlier, pools together world leaders from about a quarter of the entire world, alongside their ministers, officials. About 1000 representatives of world media institutions, cultural and traditional representatives, and business exhibitors. Business to business meetings are held parallel to other activities and all participants get to achieve one objective or the other (Mole 2004, p533).

In present times the CHOGM has attracted many countries who do not even form part of the membership because of the enormous benefits that it has brought in the building of relationships in the international community. An example from the Foreign Affairs Committee Evidence report from the House of Commons (2012) is the Commonwealth Business Forum at the 2011 Perth CHOGM, which drew participation from non-Commonwealth countries, like China.

### ***2.1.2 The Commonwealth Charter***

The Commonwealth Charter was signed by Her Majesty Queen Elizabeth II, Head of the Commonwealth on the Commonwealth Day in 2013 at the Marlborough House in London.

This Charter is significant to the existential narrative of the commonwealth because it is the first Charter to be agreed upon by all 54 members of the commonwealth who stand by all the sixteen values of that the commonwealth stands by. The charter speaks to the commitment of all member states to these values which include Democracy, Human rights, International peace and security, good governance to improve the living conditions of all peoples of the Commonwealth, development of free and democratic societies and the promotion of peace and economic prosperity. The Charter as well recognizes the position of civil societies in supporting the principles and values of the Commonwealth (The Commonwealth Charter, 2013).

### ***2.1.3 The Commonwealth Secretariat***

The Commonwealth Secretariat is one of the three key intergovernmental bodies of the Commonwealth together with the commonwealth foundation and the Commonwealth of learning (Laurent and Razzaque, 2011). In the Commonwealth agreement to establish the

Secretariat in 1965, it accounts that the Secretariat was set up through a communique issued after the July 1964 Prime Ministers meeting of the Commonwealth to be at the service of commonwealth members. According to the agreed memorandum, the Commonwealth secretariat was going to be one that would “provide information and not a recommendation, facilitate and promote consultation, prepare and circulate papers on matters of common concern, coordinate existing intra-Commonwealth organizations and assume new functions as per prescribed by the document that establishes it” (McIntyre, W.D 2000, pp. 144-145).

The 1965 Agreement again admits that the establishment and independence of the commonwealth secretariat translated into the transformation of the Commonwealth into a full-fledged international organization that triggered thoughts of the organization being the new bloodline of successful administration of the commonwealth and its activities (Vivekanandan 1974, pp. 28-29).

The Commonwealth Secretariat is accountable to the Heads of the Commonwealth members. Thus the reason behind the nomination of the Secretary-General and deputies by the Heads of the Commonwealth Government but the latter through their representatives in London. These appointed persons are specifically placed to be at the express service of the commonwealth members since they are financed with their contributions. The appointed Secretary-General must be in high standing as in the case of Senior High Commissioners and the staff of the secretariat must also be selected with the strictest adherence to integrity, efficiency maximization, and geographical balance to cover all commonwealth countries.

Most members like the UK Parliament who approved the Commonwealth Secretariat Act 1966, have granted it the legal capacity through either specially enacted legislations or through the

general laws that bind as far as international organizations are concerned (Dale 1982, p469). Although the commonwealth secretariat began as an administrative wing of the organization with core mandates of providing information and assisting the member countries in their activities, it gradually transformed into a body that steers projects, facilitates the promotion of economic development and making sure that all member countries reach some advancement. With time, the duties of the secretariat have increased to cover other things to keep it updated on new developments when it comes to meeting the needs of the Commonwealth members. The secretariat has created divisions like the Economic Affairs Division, Education, International Affairs, Legal affairs among others that assist in the performance of these functions (Dale 1982, p469). According to Dale (1982), the commonwealth as part of its added-on activities offer legal assistance like legislative drafting and providing legal updates within the organisation to members through its legal division. On the international space as well, the secretariat has observer status at the United Nations General Assembly and within other international organisations (p469).

## **2.2 The Intra-Commonwealth Trade Relations With The United Kingdom**

The Commonwealth is admittedly not a trading bloc but an international body that has grown to gradually accept the benefits of economic engagement among its members to achieve mutual development. Trade has been easier among the members because they are bound by a similar language and some sense of interconnectedness. This also means that the Commonwealth trade relationship has defied the principles that underlie the gravitational model in international trade (Commonwealth Trade Review 2015, p 53). The United Nations Economic Commission for Africa (UNECA 2020) document on how the AfCFTA works explain that Gravity models of trade represent that high possibility of regional trade agreements among trading partners who are “naturally” compatible. This compatibility is explained as countries with similar economic

outlook (measured through their GDPs), countries who highly complement each other better in terms of trade, countries that share mutual geographical identities like sharing borders and inter-border infrastructure, countries with historical similarities and share a common language. The Commonwealth Trade Review (2015) also mentions the existence of a “Commonwealth Effect”. This phenomenon also speaks on the higher probability of two commonwealth members engaging in trade more than they would with other countries not within the commonwealth and at relatively lower transaction cost (p 54). The review also attributes this phenomenon to what it terms the ‘Psychic cost of International trade’. In explaining, it describes and justifies this cost as the end product of the unfamiliarity and alienist nature of the market, not part of the commonwealth due to culture and the like (p 54).

The trading activities among the British and other commonwealth members amid geographical dispersion as well as the disparity in their economic development makes the trade arrangement in the Commonwealth an uncommon and non-static one. In 1958, Dunnett G.S wrote on the pace of increase in intra-commonwealth trade which revolved around the British. The UK, in his account, generally saw the rise in exports as opposed to imports even within the commonwealth.

The pattern of production and industrial growth for the UK increased in that period by the expansions in production, agriculture among others, and which led to the UK importing the raw materials like “Canadian wheat, Australian and South African wool, Indian or Ceylon tea, New Zealand butter, Ghana cocoa, Rhodesian tobacco thereby becoming the largest importers of raw materials (Dunnett 1958, p 765). Within the Commonwealth also, while these countries looked up to the UK as their major source for imports, the UK served as a leading or single markets destination for many of the members for most of their exports. South Africa, Ghana,

among other countries had over a third of their exports taken by the UK (Dunnett 1958, pp. 766-767).

While discussing the imports and export strengths, however, it is important to know that there exist positive differences in trade within the Commonwealth than out of the Commonwealth. It is identified that Intra-Commonwealth trade proves three times more profitable and effective when members of the Commonwealth already exist in some regional trade agreements. This assertion is confirmed by the 2018 Commonwealth Trade Review, intra-Commonwealth trade is over three times higher when members are a part of an existing regional trade agreement, thus, boosting the Commonwealth advantage.

As trade grew to become a global economic phenomenon, the rise in intra-regional trade also determined the positive levels of benefit the Commonwealth members would gain as a result of their existing individual membership in other regional blocs.

The results presuppose that intra-Commonwealth initiatives to strengthen trade facilitation and further cut down costs of intra-Commonwealth trade, predominantly among Commonwealth countries that are both members of RTAs, have the tendency of propelling significant gains to Commonwealth trade (see Part 4). (p 31)

The Commonwealth will not be considered a trading alliance. Nonetheless, historical linkages, long existed trading relations, accustomed administrative and legal systems, the use of predominantly one language as the way of interacting with foreign partners and large and dynamic diasporic communities all suggest the association can boost trade and investment flows. African Commonwealth members' exports increased to all Commonwealth regions but particularly, within Africa and to Asia. The Commonwealth European countries in 2000,

chiefly due to the UK, was recorded the leading end point of African goods, accounting for 40 per cent of all their intra-Commonwealth exports

The Commonwealth stands for a group of countries that are geographically dispersed and are members of numerous RTAs. Yet, there have been suggestions and there is anecdotal evidence that doing business between Commonwealth countries is more convenient. Econometric results suggest that, when bilateral partners are both Commonwealth members, they trade on an average of 20 per cent more and generate about 10 per cent more FDI inflows than otherwise. An alternative way to see it is if the Commonwealth effect is to be translated into lower trading costs. Estimations from Econometric allude that, in comparing with other countries' pairs, the bilateral trade costs for Commonwealth partners are, on average, 19 per cent lower.

### **2.3 The European Union and BREXIT**

The European Union was first known as the European Coal and Steel Community was founded in 1951 with just six members: Belgium, France, Germany, Italy, Luxembourg, and the Netherlands. The name changed to the European Economic Community (EEC) in 1957 under the Treaty of Rome and later became the European Community (EC) (Will, 2020). The said European Coal and Steel Community was proposed by the Belgian government, which aspired to see industries within this field come under common control. Gradually, the European Union grew from a political unit to one with a single market.

The European Economic Community, which later became the European Union rode on the shoulders of the 1956 Treaty of Rome. According to Perdikis & Perdikis (n.a), this Treaty had provisions that made room for shaping trade policies, common commercial policies and the overall relationship among members of the community decades down the line, the European

Union (EU) is commended for keeping trade policy, and being involved in trade agreements, and playing roles in the overall trade, like in the World Trade Organization (WTO) with examples such as the Trade in Services Agreement, the Doha Round and Agreement on Trade Facilitation (Leblond & Viju-Miljusevic 2019).

The Maastricht Treaty of 1991, which was later signed on February 7, 1992, established the European Union. The Treaty on European Union upon coming into effect on November 1, 1993, saw as its key objective, the prioritization of economic policy, the coming together of the member states economically and the implementation of an European Economic and Monetary Union (EMU). The treaty was signed by the 12 members of the community at the time and initiated the use of common currency among the members of the union (Hayes 2020; Will 2020). The common currency was to serve as the focal point in Eurozone design which was to incorporate economies that were on the same level (Vallecillo, 2018, p 112).

The Treaty of the European Union was seen to be carrying some challenges from the conception and this led to the emergence of some other Treaties. There was the Treaty of Amsterdam, signed on 2 October 1997, and came into force in 1999 and also the Treaty of Nice, which was signed on 26 February 2001 and came into force in 2003, all for the amendment and revamping of the previous Treaty ("The European Union explained — How the European Union works", 2020).

As highlighted by Vallecillo (2018), considering the placement of national interest as a priority of member states versus the collective or common interest of the Union and its demands, negotiations for the new Treaties that followed the Treaty of the European Union proved very difficult. The United Kingdom, for instance, did not concede to advanced integration in the

European unionisation. This was because they wanted to maintain their national character and not cede too much sovereignty to the union. The position of the British was clear because the British people held a different opinion to what their leaders wanted to stand for in matters regarding their membership and acceptance of full integration. The treaties that initiated the processes for integration was not explained well by the British politicians, thereby not receiving the kind of support it needed. In the end, the deficit in the understanding of the ideals of the European Union negatively influenced the BREXIT (Vallecillo, 2018, p 108).

The EU began getting keen on trade policy issues and agreements not only within the Union but with the world to increase bilateral and multilateral trade benefits and comprehensively took over trade policy from the individual member states. As a significant world trading bloc, has required it to re-examine and extensively work on its approach to trade policy to fit in changing structures (Perdikis & Perdikis, n.a, p32). Perdikis and Perdikis also assert that the European Union reserves the mandate of negotiating on behalf of its members on issues bordering trade and of mutual interest, usually happening with other organizations (p 31). Key within the European Union's interaction with other trade blocs is one with African and Caribbean Pacific countries on the Economic Partnership Agreements agenda which came under the Cotonou Agreement, signed in 2000. The mandate of the Cotonou Agreement was to introduce reciprocal trade between the EU and sub-regions of the ACP group through the Economic Partnership Agreement as per WTO rulings (Langan, 2016, pp 478-479).

Hurt (2003) highlights the existence of the European Union's (EU) track record of development co-operation between themselves and the African, Caribbean and Pacific (ACP) states especially because of the EU's duties in north-south economic relations. Gradually, the EU-ACP relationship caused the ACP members to attain some political significance in Europe and

also depending on Europe for their exports. As reported by the European Commission in 2014, A complete Regional Economic Partnership Agreement was signed by the heads of government of the Economic Community of West African States (ECOWAS) in July 2014 with the European Commission, the same year as the East African Community. There is however some level of uncertainty in the full implementation of these EPA's because of the complications that are coming along with the Brexit (Langan 2016, pp 476).

Persons interested in Brexit, had a mutation in attention from finding the causes of the UK's discomfort, to identifying the terms and conditions of the exit and then to the future of UK-EU engagements (De Búrca 2018, p 46). Gráinne shares as well that it is important to gain an understanding of the past and future of Brexit and the underlying reasons to factor what reactions, reforms and eventual responses on the parts of both the EU, the UK and all other states or bodies who may be associated with it (p 46). This is to help in supporting the assertion or otherwise of arguments like that of Sked (2015) who believe that the vote to exit the European Union (Brexit) is a demonstration of Britain's lack or insufficient belief in complete market protectionism. Another belief is that their span of experience as members of the EU could lead to political or economic disorder or even creating nostalgic feelings at any point of their exit. It will also help in projecting the levels of other interactions and complete self-governance, as will be analysed in this work, on the level of trade (p 41). In Bickerton (2018) in his article "Brexit Iceberg" alludes that the individual national growth models have a lot to do with the European economic integration and experiences that come with it. He explains that the British model of interaction on national growth, like many others in the European Union, faces some form of weakness from the European single market and had always looked forward to a breather, even though this problem goes way beyond the Brexit results from 2016 (pp134-135). Another conversation that emerged mutually through the Brexit and the European Union

was concerning the African States. As cited by Langan (2016) from the work of Lilley (2016), a lot of people who were in support of the Brexit made arguments about the ill trade dealings by the European Union towards poor African states and saw this as an ethical stand for them to reject the EU's 'supranational enterprise' (p 478).

Brexit for the UK, according to Langan (2016), also meant that the UK would be free from what is called the "Brussel bureaucracy" and would become more progressive in terms of trade towards the developing African countries, and eventually gaining a proper hold of their historical relationship of commonwealth upon which other relationships will be built (p 478). For the African states and organizations as well, it allows the chance to renegotiate terms with the EU on trade benefits and to even decide if agreements will remain substantive or will gradually fade off. All these, as a matter of reality, have been buttressed through the Brexit highlighting the various gaps that exist in, for instance, the Economic Partnership Agreement of the EU among others (Langan 2016, p478).

#### **2.4 Conclusion**

The existence of the Commonwealth has been extant. Although it was not founded on the shoulders of trade integration, it found its way to grow into that space to meet the dynamic needs of all its members who cover all continents of the world. Although the Commonwealth has not been consistent in trade relations, it has prioritized the wellbeing of citizens that live in its member states. It has done this through the protection of their fundamental human rights, the upholding of the rule of law, the advancement of economic growth and overall development. Its relevance has transcended beyond the scope of its constituent membership. The Commonwealth which sits on the laps of the monarch of the United Kingdom and is being administratively controlled from London seeks to reunite with its members on a stronger level,

specifically, after they opted to leave the European Union; thus, creating the historical Brexit. For all who may or may not be directly involved with the Brexit, it does not present an option to be on the side lines but rather gather more insight, especially on matters regarding how the UK will finally integrate on largely trading lines with its long-time family; the Commonwealth. It also gives the other members of the Commonwealth, specifically the African States like Ghana and South Africa, the opportunity to assess the cost-benefit scenario of cooperating, not only with the UK but also the European Union from which the UK has economically and politically disintegrated themselves from. Hence, the next chapter interrogates the ex-ante trade implications of the Brexit between Ghana and the UK on one hand and South Africa and the UK on the other.



## CHAPTER THREE

### IMPLICATIONS OF BREXIT TO GHANA AND SOUTH AFRICA

#### 3.0 Introduction

In line with the stated objectives and questions in chapter 1, this third chapter seeks to present answers to the questions posed in Chapter 1 thereto. First, this chapter identifies the economic implications of Brexit, with particular focus on the Commonwealth (Africa). In this light, the study delves into the cascading effect of Brexit to Commonwealth (Africa) under various themes; trade outlook and the politics of aid and development. While discussing the effect of Brexit to the UK-Ghana and the UK-South Africa relationship respectively, the study will investigate possible strategies Ghana and South Africa could adopt in their trade relations with the UK and the EU. The chapter concludes on the overarching effect of Brexit to UK-Ghana and UK-South Africa relationship, highlighting that, although trade relations between the UK and Ghana and South Africa is disproportionately tilted in favour of the UK, the effects of Brexit will not be dire and extreme on the two counties; Ghana and South Africa.

#### 3.1 Background

In the heat of the polls for a leave, the most vocal sentiment expressed by ‘Brexiters’ is UK’s detachment to its historic friends and partners – the commonwealth. In effect, Brexit represented a window of opportunity to rekindle its partnership with the Commonwealth (Murray-Evans, 2016). Leading campaigners made recurrent allusions to the Commonwealth in their deliberations on trade before and after the referendum on UK’s membership of the EU (Nelson, 2011; Dominiczak, 2013; Davis, 2013; Hannah, 2016). Thus, it is understandable why the 54-member group was referenced as the basis for an ambitious agenda for a number of new British trade agreements following a vote to leave the EU.

International trade rules are inevitably complicated in every regional political and economic union at the international scale, primarily due to their idiosyncratic/specific historical circumstances, unique institutional, social, political, and economic formations. Davis (2016) divulges that the trade architecture of EU, which requires it to balance the interest of the 27 member states when negotiating trade deals with non-members, proves a daunting task, inextricably affecting UK's trade with the Commonwealth. The narrative on the perceived betrayal of the Commonwealth shaped the pattern of Euroscepticism and possibly, the outlook of the referendum. The referendum was hinged on two things: a vote to stay is a vote to accept EU's parochialism and protectionism, whereas a leave vote is a catalyst to UK's historic globalism and liberalism (Brugge, 2016).

Beyond the conversation on the implications of Brexit to the Commonwealth African countries en-bloc, this aspect of the study narrows our focus to two countries; Ghana and South Africa, enunciating information on how the two countries may be affected by Brexit. The selection of Ghana and South Africa as classic test cases to the implications of Brexit is contingent on the following reasons:

- South Africa represents the largest recipient of FDI from the UK and more importantly, maintains a strong trade link with the UK. According to Mendez-Parra et al (2020) Reserve Bank data reports that South Africa attracted a total of R519.4 billion in FDI from the UK by the end of 2017. Aside from being South Africa's eighth-largest trading partner, UK is reported to be an enclave of products exported from South Africa. Experts predict that South Africa's GDP could fall by 0.1% or more and cause an economic downturn in the short term (Overseas Trade Statistics, 2018). Cabanska & Sikorska (2019) argues that the relaxation in trade and investment, coupled with an

increase in unemployment, especially among young people are the precursors to the decline in economic growth in South Africa.

- Ghana, on the other hand, represents a country with moderate trade relationship with the UK. Aside from the strong historical tie with the UK, Ghana is reputed as among the fastest-growing economies for consecutive years. Quite recently, it is established that Ghana stands as the largest beneficiary of FDI in the West African enclave, beating the likes of Nigeria and Cote d'Ivoire to this feat, even though FDI inflows decreased by 8 per cent to \$3 billion I 2019. (UNCTAD, 2019).

In this light, the two selected countries provide a rich discourse in understanding the extent of damages or otherwise, Britain's leave from the EU will affect the Commonwealth African countries like South Africa.

### **3.2 Accommodating the Commonwealth: UK accession to the EEC**

Akin to France, UK forged to maintain external bonds with former colonies and more importantly, to bolster its imperial economic power in the post-war period. This system was to be forged around an anvil of preferential trade arrangement between the UK and its former British colonies, buying certain commodities and monetary relations based on the sterling area (Brown, 2002; pp 44; Ravenhill, 2004; pp 119). According to Murray-Evans (2016) and May (2013) Britain's first application to the EEC was pressed on 'an attempt to ascertain whether British conditions, most importantly, British commitments to the Commonwealth will be met.' This was generally reflected in Britain's uncompromising position about the Commonwealth Preference System in these negotiations to join the EEC (May 2013). Nevertheless, the thought of allowing significant trade preferences to relative wealthy countries such as Canada, New Zealand, and Australia proved a daunting task to founding countries of the EEC, contingent on

the competition these Commonwealth producers of temperate agricultural products may pose to the EEC (Ward, 2001). In subsequent application to the EEC, the imperative of preserving preferential trade system with the Commonwealth was leveraged to Britain's desire to join the EEC (ibid). The geographic scope of association of the Commonwealth to the EEC in terms of preferential trade arrangement and access to EEC market and for that matter, the UK, was crystallized by the 1972 Treaty of Accession which saw the accession of Denmark, Ireland and the UK fostering a relationship with the EEC. Murray-Evans contends that, despite this arrangement, the inclusion of Commonwealth to the EEC's Preferential Trade System was subject to negotiations and that UKs expanded group of associable countries was not carte-blanche to their inclusion to the EEC preferential trade system. Murray-Evans further contends that the unrivalled unity among governments of the Third World countries and the cry for a new 'international economic order' changed the narrative of the negotiations cumulating in the accommodation of the Commonwealth to the EEC preferential trade system. The model of this relationship was established by a similar arrangement forged by two founding members; France and Belgium who maintained an extensive relationship with their colonies and their former colonies (Price, 2016).

### ***3.2.1 UK Trade with the Commonwealth***

The interlacing of UK's trade interactions with the Commonwealth and its EU membership is strong. Many Commonwealth developing countries largely rely on the UK market for their export, ranging from beef and bananas to sugar and fresh vegetables to textiles and apparel products (Commonwealth Secretariat, 2016). The UK takes up about 18 percent of Commonwealth developing countries' export to the EU. Despite the UK's diversified economy, the EU remains an important trading bloc to the UK, contributing about half of UK's overall trade (ibid). (Commonwealth Secretariat, 2016) highlights that the position of the EU

as far as trade with the UK is concerned trickles down to the Commonwealth, where the EU also accounts for about 16 percent of all Commonwealth exports. The total merchandise trade flows of Commonwealth countries' export to the UK, including the UK's exports to other Commonwealth members, expanded from around US\$ 57 billion in 2000 to over US\$91 billion in 2015 (ibid). Report from the Commonwealth Secretariat also indicates that members, whose overall market share is not big, usually tend to have sectoral exports that are critically dependent on the UK (ibid).

Twenty-four Commonwealth countries direct more than 30 per cent of their total EU exports to the UK. For two small island states, Saint Lucia and Tuvalu, the UK takes up more than 70 per cent of their EU exports. This includes almost all of Saint Lucia's banana exports. Belize and Fiji source about two-thirds of their European export receipts from the UK alone. The UK is the largest importer of sugar into the EU. It buys more than 80 per cent of sugar imports from Belize and 70 per cent from Fiji, the latter accounting significantly for 95 per cent of Fiji's UK export earnings. Furthermore, 80 per cent of Kenya's vegetable exports to the EU are directed to the UK. The UK also accounts for almost all of Canada's biggest export to the EU—namely, gold and precious materials (Commonwealth Secretariat, 2016). The fundamental role played by the UK in both export and import trade flows within and among Commonwealth countries cannot be underemphasized. Out of all the products Commonwealth countries export to the EU, a whopping total of 5,088 (currently worth US\$ 9 billion) items are absorbed by the UK market.

### **3.2.2 UK Trade with the Commonwealth developing countries (Africa)**

As indicated supra, the EU has supported the development of Global South countries through a policy structure based on trade and aid (Price, 2016). At the heart of this broad policy,

framework sits the EU-ACP relations crystallized following UK's accession to the EEC and the widespread calls for a new international economic order (Murray-Evans, 2016; Price, 2016; Lagan, 2016). It is worthy of noting that upon the UK's accession to the EEC in 1973, Commonwealth states in Africa soon became associated with the European projects in Brussels (Galtung, 1973; Brown, 2002). It is important to emphasize that of the 54 Commonwealth states, just 11 are not part of the EU-ACP partnership (Price, 2016).

The accommodation of the Associable countries under the policy scheme of the EU-ACP was akin to earlier arrangement formulated to accommodate the Francophone African colonies. The Europe-Africa Association agreements provided the "brick and mortar" to the deepening trade relationship between the EEC and Africa. The EU-Africa relations was taken a notch further through the replacement of the Yaoundé Accords, which inter alia, set the motion for a reciprocal market opening and trade between the signatories (Price 2016). The Yaoundé Accord stressed on liberalization - a development which brokered dissatisfaction among African leaders (ibid). Following the accession of a new member state to the EEC in 1973, Langan documents that the Commonwealth Africa countries together with their Francophone African countries reformulated the trade relationship from the Yaoundé Accords to the Lomé Convention.

It must, however, be noted that, before the UK acceded to the EEC, trade with colonies and former colonies were conducted via the System of Commonwealth Preferences (Price, 2016). The creation of the ACP group saw the aggregation of commonwealth States in Africa, the Caribbean and the Pacific to form a new coalition of states in the Global South that would partner the EEC in the sphere trade and aid. (Ravenhill, 1985). The freshly created Lomé conventions were hinged on the principles of non-reciprocal trade preferences, together with

commodity stabilization mechanisms. The dictates of the Lomé Convention signified that Commonwealth African countries qualified to enjoy “non-reciprocal” trade access in that, they benefitted preferential low-tariff access into EEC markets for certain commodity lines as compared with other competitor states (Langan, 2016). Another trait of the non-reciprocity arrangement is that Commonwealth African countries are not obliged to dismantle their tariffs levied on imports originating from European states (Langan, 2016). The rationale was to offer the ACP countries access to the European market while permitting them the policy space to protect fledging enterprises from being saddled with cheaper imports from European states (ibid). For purposes of emphasis, it must be highlighted that the home convention was renewed 3 times between the periods of 1975-1990. Murray-Evans argues that the unwavering support that met the formulation of the Lomé Convention, more particularly on the non-reciprocal trade arrangement dwindled. The Lomé Convention was described as an incentive to lessen ACP trade liberalization and economic restructuring (Murray-Evans, 2016). That notwithstanding, the demise of the Lomé convention was precipitated by the plethora of legal rules in the General Agreement on Tariffs and trade and the World Trade organization, which spoke against the dictates of the Lomé Convention (Langan, 2016). In real sense, however, the problems surrounding the structural adjustment programmes advocated by the European Commission in the 1980s and 1990s engulfed with European protectionism under the CAP and whittled away the vital prospect of the first Lomé Convention. It ushered in a new trade arrangement; the Cotonou Partnership Agreement in 2000 between African countries and EU and of course, the UK. The Cotonou agreement accentuated the need for reciprocal trade between the EU and the ACP bloc.



### **3.3 Trade and Economic Implications of Brexit to Commonwealth Africa**

The cascading effect of UKs leave of the European Union will be deeply appreciated and experienced by Commonwealth Africa. It must, however, be pointed out that the severity of this development on trade and economy of African states may differ from one another. Stevens and Kennan (2016) argue that Brexit will cause the interest of the Commonwealth to be crowded out. This section highlights the nature and scope of the implications of Brexit to Commonwealth Africa, particularly Ghana and South Africa.

#### ***3.3.1 Brexit And Trade Implications to the Commonwealth (Africa)***

There is much literature on the direct and indirect implications of Brexit to the rest of the world (Mendez Parra et al, 2016). Any contraction in the economies of the UK or the EU will inadvertently affect import growth. Similarly, any cutback in investment as an outcome of a short-term uncertainty or a long-term de-integration of the single European market will have likely opposing effects on growth and trade (Stevens and Kennan, 2016). On the tangent of the implications of Brexit to the world at large, recourse must also be given to the indirect effects through the impact on investment and exchange rates, migrant remittances and global growth (ibid). Ansorg and Haastrup (2016) intimate that just one-week post-referendum, the pound sterling fell drastically against all leading currencies including the euro and approximately, GBP 200 billion were wiped off the stock exchanges. For this discussion, the focus will be narrowed to the Commonwealth African countries. It is in the trade and development areas that we identify the greatest implications for Africa.

Considering the EU's place as the most vital trading partner to Africa, and importantly, the role the UK plays in this trade arrangement, it only suffices to say that Brexit will in no doubt have consequences in Africa (Ansorg and Haastrup, 2016). Any full-blown recession will invariably

generate a nosedive in international trade and investment, with undesirable currents on the EU's and the UK's African economic partners. However, it is important to highlight that the exogenous shocks from UK's leave of the EU will not be detrimental to all African countries in the same way, especially as the UK accounts for only 4.3 percent of Africa's total exports (Office for National Statistics, 2016). Nevertheless, for countries whose economies are largely intertwined with the UK in terms of trade will feel the effect of Brexit. For instance, those from the CFA zone such as the Cote d'Ivoire, Guinea or Cameroon will be less affected. Again, countries like South Africa, Nigeria and Egypt are UK's most important trading partners in Africa., with imports to the UK totalling GBP 7.4 billion in 2014 alone (Ansorg and Haastrup, 2016). This study catalogues the implications under three thematic areas; firstly, the implications of Brexit will be analysed within the prism of the volume of trade between the UK and Africa and how the trade policy outlook between the UK and Africa may be shaped. The second dwell on the politics of aid and development post-Brexit. The third phase of analysis revolves around the implication on policy negotiations of the EU in the absence of the UK.

### **3.3.1.1. Trade Outlook**

It is trite from the foregoing representation that Brexit may not affect all African countries and may differ from one country to the other. The EU's position as Africa's most important trading partner, and the role the UK plays in this trading relationship, means that Brexit will undoubtedly have consequences in Africa (Ansorg and Haastrup, 2016). Chadha (2016) provides that the significant fall of the pound sterling post-referendum vote and the seeming exogenous blow to the stock markets affirms the trickling effect of Brexit not only to Africa but the world at large. To this end, a full-blown recession will inadvertently trigger a downturn in international trade and investment among Africa and EU trading partners. Most importantly,

the short to medium term effect of Brexit will be experienced by African countries whose economies disproportionately rest on trade with the UK. Mention can be made of South Africa, Nigeria and Kenya who constitute the largest trading partners to the EU, including the UK.

South Africa, Nigeria and Egypt remain the most significant trading partners on the African continent, with importations to the UK, totalling GBP 7.4 billion in 2014 alone (Office for National Statistics, 2016). One other major area of economic concern is the volume of Foreign Direct Investment. The Office for National Statistics (2016) reports that the value of the UK's stock of FDI in Africa was GBP 42.5 billion.

Commonwealth African countries like Kenya and South Africa is home to huge UK-investors, with companies like Safaricom, East African Breweries etc. (UK Trade and Investment, 2015). The foregoing gives meaning to the claim that the Commonwealth African countries face possible economic downturn resulting from the exogenous shocks of Brexit.

In an interview with Mr Sagoe of the Department for International Trade of the Foreign, Commonwealth and Development office and Dr Torto from the Political Economy section of the Institute of African Studies, they both argue that Brexit provides a window of opportunity to Commonwealth African countries and the entire African continent at large, to leverage UK's leave from the EU to foster new trade relationships that will be a win-win affair to both parties. Despite this potential, Mr Sagoe iterates that the homogenous export base of countries like Ghana makes it seemingly impossible to harness control of the negotiations. The export base of Ghana and many other African countries is primarily based on extractives thus handicapping their ability to broker deals which ultimately becomes inimical to their benefit.

### 3.3.1.2 *The Politics of Aid and Development*

Another key concern aftermath of the vote to exit the EU and perhaps after the closure of the EU-UK negotiation is the apparent politics that surrounds aid and development post-Brexit. The EU in pursuit of protecting the European Market has formulated policies like the Common Agricultural Policy which inter alia, places subsidies on external goods in the European market. The CAP gravely undermines competition from African countries. It is a well-established fact that the UK remains the sole pro-Africa advocate, fighting this mercantilist policy. In the same way the UK's voice in EU trade negotiations will be lost, the loss of its pro-development voice will represent a blow to Africa's development aspirations (Ansorg and Haastrup, 2016). More worrying is the fact that the UK's departure from the EU brings to bear the uncertainty surrounding the EU's contribution to Africa's aid and development schemes (ibid).

Within the periods of 2008 to 2013, the UK stood as the third-largest provider of funding to the European Development Fund, behind Germany and France (Independent Commission for Aid Impact, 2012). The UK has demonstrated its relevance as being the support-house as far as contribution to the EDF and EU aid programmed in Africa, both politically and financially is concerned. This was revealed in the UK's advocacy within and outside the EU for rich countries to commit 0.7 percent of their gross national income (GNI) to developing countries per a 1970s UN agreement (Ansorg and Haastrup, 2016). In fact, in 2015, the UK became the first G7 country to enshrine this in law (ibid). That notwithstanding, the UK met all commitments by spending approximately 0.72 percent on official development assistance, representing a whopping GBP 11 billion in the said year (ibid).

Ansorg and Haastrup argue that the UK's commitment to the ODA undoubtedly will continue post-Brexit as that represents the foundation of the country's development identity. However,

this will be contingent upon whether or not the UK's economy will remain resilient to absorb the economic shocks associated with Brexit.

### **3.4 Ghana- UK, South Africa- UK Approach to Trade Relationships**

This section of the study as mentioned in the introduction investigates and discusses possible strategies Ghana and South Africa could adopt in their trade relations with the UK and the EU.

#### ***3.4.1 Ghana- UK Trade Relationship***

There exists a general agreement that trade holds a crucial position in catalysing economic growth, though the issues that come together in enhancing these growth effects can be humongous and multifaceted especially for developing countries (Sarpong, 1998). Ghana-UK has maintained strong cordial ties, after the era of colonialism, and has seen Ghana's relatively small but open economy depend with regards to trade, on the UK market and by extension, the European Union. By necessary implication, the economic growth of ECI directly affects Ghana's GDP without it being similarly affected to any extent by what happens in Ghana. Discussions on the trade relationship between Ghana and the UK is predominantly constructed using the trade interrelationship trade model between Ghana and the UK, under the auspices of the EU allowing associable countries, easy access to the EU single market. The interim Economic Partnership Agreement (IEPA) between Ghana and the EU has been in place since December 2016. As captured in the EU-UK withdrawal agreement, the EU and UK have agreed that the UK-Ghana IEPA will continue to apply to the UK, as it does now (ibid).

In response, Ghana welcomes the continuous UK participation in the EU-Ghana IEPA during the implementation period; and additionally, the UK's intention to avoid trade disruption for businesses, as it withdraws from the EU. It is important to highlight that, the UK reaffirms its

commitment to the trade arrangement under the current EU-Ghana IEPA, with the aim that Ghana benefits enormously from this trade arrangement, by getting market access to the UK.

In 2012, the trade outlook as far as Ghana and the UK is involved projected Ghana as the 6th largest export market in Africa and the 3rd in sub-Saharan Africa and as at 2015, UK import from Ghana valued at \$292 million leading with processed fish (30%), cocoa beans (15%), cocoa butter (8.9%), tropical fruits (7.7%), cassava (3.4%), crude petroleum (14%), rubber (15%) and brooms (0.11%) (European External Action Service, 2016; European Union, 2017). On the flip side, UKs export to Ghana is approximately valued at \$474 million, covering a wide spectrum of items with used-clothing (\$65.8million), packaged medicament (\$19.3million), excavation machinery (\$15.1million), cars (\$14.6million), electric generating sets (\$14million) and large iron pipes (\$13.8million). Aggregating UK exports to Ghana in terms of each industry contribution, the machine industry leads with 30% of export, followed by the chemical products industry with 16%, textiles (14%), metals (10%), transportation (6.6%), plastics and rubbers (5.1%), foodstuffs (4.1%), instruments (3.0%), animal products (2.6%), paper goods (2.0%), mineral products (0.85%), stones and glass (0.66%), vegetable products (0.35%), footwear and headwear (0.26%), precious metals (0.19%), animal hides (0.09%), animal vegetable bi-product (0.038%) and wood products (0.035%) (European External Action Service, 2016).

### **3.4.2 Possible Implications on Brexit To UK – Ghana Trade**

It is trite knowing that Ghana's trade and investment relations with Britain is anchored on the latter being a member of the EU, and as long as Britain remains a member, she will be bound by all the ACP – EU Agreements such as the Cotonou Partnership Agreement, EPA etc. According to one of the official from the Ministry of Foreign Affairs and Regional Integration,

Europe Bureau, the impact of trade with Britain will only be experienced by Ghana only after Britain had finalized all the legal processes and negotiations and exited the EU completely. (MFARI ,2019)

UK's leave from the EU will result in changes to the underlying rules governing imports, for accessing the UK market, which was originally through the EPA and trade arrangement between the EU and ACP. Cumulatively, there could be a positive or inadvertently adverse impact on export from Ghana and others with long-standing trading relations with the UK.

Invoking Article 50 of the Treaty of Rome is a novel phenomenon, not experiences in the scope of economic integration and by extension, the arena of multilateralism. Brexit is maimed with several uncertainties as the nature of UK trade cannot be precisely protected/envisage.

As stated from the interview with the Europe Bureau of the Ministry of Foreign Affairs and Regional Integration, it is explained that in the wake of Brexit, it is unclear whether the decision to alienate Britain from the European community of nations will see Britain pivot towards a more insular approach, retreating from globalization, or a more expansionary approach which broadens its trading partners. With Britain leaving the EU, a lot of possible opportunities exist as the UK could leverage its traditional relationships with Commonwealth countries fostering favourable bilateral trade deals with African countries which Ghana could take advantage of. That notwithstanding, Ghana could also get some respite looking east for new exploit market.

Mr Sagoe in his interview also argues that the homogenous nature of Ghana's export products (largely extractive and in the raw state) makes Ghana more vulnerable at the seat of negotiating trade terms, thus presenting an opportunity for the UK to leverage a trade deal that will

principally ensure to its benefit. Again, on the opposing side, if Britain becomes more inward-focused (post-Brexit negotiations), Ghana, and other African countries are most likely to feature low on its list of renegotiated trade agreements while traditional economic super powers and trading partners such as the US, China, Japan, India and Brazil position themselves to take advantage (MFARI, 2019).

#### **3.4.2.1 *Absence of UK in EU policy negotiations***

The accession of the UK and the incorporation of the associated countries, including Ghana to the EEC propelled the creation of the European Development Fund (Price, 2016). The UK is one of the biggest contributors to the EDF, which is the main development assistance in the 585 million Euros arm of the EU, providing funds to developing countries like Ghana. This assertion is revealed in the interview with the Europe Bureau of the Ministry of Foreign Affairs and Regional Integration as they maintained that the fund is remains of the world's largest providers of multilateral concessional aid, with disbursements going beyond those channelled through the World Bank's International Development Association (IDA) UK's current contribution to the fund is estimated around £409 million or \$585 million or 14.8 percent. Watkins from the Overseas Development Institute expressed that, while Brexit would deprive the EDF of British resources for development assistance, the direct disbursement of aid-set to replace the UK's contribution to the fund- from the UK to receipt countries like Ghana will have a narrower geographical reach than aid channelled through the EDF.

#### **3.4.2.2 *EU's Common Agricultural Policy (CAP)***

In the interview with Mr Sagoe, he argued that the export base of Ghana is primarily homogenous, thus any imposition of tariffs or subsidy may directly affect the trade output of Ghana. Another crucial matter that may be hit by Brexit is the issue of agricultural subsidies.

The EU's Common Agricultural Policy (CAP), which puts in place subsidy systems have directly and indirectly hindered the capacity and competitiveness of African farmers. Despite the serious concerns raised over the EU CAP, the policy continues to operate (MFARI, 2019). In a country as Ghana, which has almost 60% of the economically active population working in the agriculture industry, subsidies of this nature tend to take a serious toll on the livelihoods of a lot of Ghanaians. For years, the UK has been the firm advocate, championing the interest of developing countries, like Ghana, criticizing the current subsidies placed on agricultural produce exports by African countries into European countries. In the event of Brexit, this position of advocacy will be left bare land unoccupied with no strong voice within the EU to advocate for the livelihoods of African farmers and by extension, Ghanaian interest.

### **3.5 South Africa- UK Trade Relationship**

South Africa's place in any economic discourse in Africa cannot be downplayed. As said by Moody's (2016), South Africa stands as the largest beneficiary of British foreign direct investments in Africa, standing at 30 percent with a particular focus on mining and financial services. In 2015, it was reported that South African merchandise trade, both imports and exports, to the EU-28 member states collectively amounted to about USD 38.3 billion, representing approximately 26 percent of South Africa's total merchandise (International Trade Centre, 2016). In terms of trading partners, the EU-28 is by far the largest trading partner of South Africa, contributing to some 40 percent more than South Africa's second-largest trading partner; the SADC (Gibb, 2016), with the UK accounting for 15 percent of all South Africa's trade with Europe (International Trade Centre, 2016). In a similar vein, South Africa's merchandise exports to the 28 members of the EU, collectively amounted to USD15.1 billion representing approximately 20 percent of South Africa's total exports (International Trade Centre, 2016). Out of this staggering figure, the UK attracts 20 percent of all South African

exports to the EU, thus accounting for 4 percent of South Africa's global trade. Currently, South Africa's trade relations with the EU (including, of course, the UK) are governed by a separate South Africa–EU Agreement: The Trade Development and Cooperation Agreement (TDCA) signed in July 1999. The TDCA set up a free trade area that covers 90 per cent of bilateral trade between the EU and South Africa. The liberalisation schedules contained in the TDCA were completed by 2012 (International Trade Centre, 2016; Gibbs, 2016).

South Africa's trade with the UK is dominated by three commodities; precious metals and stones, which accounts for about 39 percent of all trade; fruits and nuts, more specifically, fresh fruits constitute the second most dominated commodity for trade, representing 16 percent of export and finally, vehicle and vehicle parts representing 15 percent of export to the UK (Gibbs, 2016). Again, these statistics highlight the important place of the UK as far as South African trade is concerned. These three HS4 constitute about 70 percent South Africa exports to the UK. To further add to existing trade arrangement, it is important to highlight that a significant 46 percent of South Africa's global direct investment originate from the UK amounting to about USD54 billion, representing 60 percent of all EU FDI in South Africa, whereas South Africa's FDI in the EU is largely tilted in favour of the UK, canvassing about 30 percent of South African FDI in EU (South African Reserve Bank, 2016). Against this background, it suffices to say that Britain's vote to leave the EU will invariably affect the prospect of trade in South Africa. Gibbs (2016) highlights three ways Brexit could affect South Africa; one, he argues that the outcome could either positively or negatively affect South Africa-UK trade. To state the obvious, slower UK growth (as a result of Brexit) impacts South Africa's trade (and investments). This is because, it will lead to reduced UK imports which will, in turn, lessen South African exports to the UK. Secondly, Gibbs further argues that the impact may be experienced in terms of British companies' access to the Single Market and the inverse

happening to South African companies located in the UK. Lastly, he stressed on the fact that future South Africa-EU may not include the UK, reducing the geographic reach of South African export (Gibbs, 2016).

### ***3.5.1 Implication of Brexit to South Africa-UK Trade***

The leading danger to South Africa may possibly be ‘reduced export demand’ if Brexit negotiations result in destruction of the UK’s economy (Moody, 2016). As Gibbs intimated earlier, one of the key concerns for the UK, South Africa and South African companies stationed in the UK is the level of access the UK will have to the EU Single Market post-Brexit and the trickling effect that will have on the economies of both countries; the UK and South Africa (Gibbs, 2016). There is no consensus among experts on the exact extent of damages Brexit may pose to South Africa (Cabanska & Sikorska, 2019). According to an official of the Department for International Development, the uncertainty surrounding Brexit negotiations and the devaluation of the pound sterling aftermath the vote, clearly indicates that Brexit may cause more harm than good, as far as the economies of both countries are concerned. An observation made by the Financial Times before the EU referendum shows that ‘economists overwhelmingly consider the UK leaving the EU as bad move for the economy of the UK’, and rarely has there been such a consensus among economists as there was on the damage Brexit may wreck on the UK economy (FT, 2016A). In Gibbs’ summary of findings, he highlights that the median forecasts of Brexit on the GDP of UK range from -8 to -3 of GDP, however, the economic outlook of UK during the first quarter after the referendum allays all fears, as GDP experienced 0.5 rises in the three months between July and September 2016. There is hence a substantial amount of uncertainty about the nature and character of post-Brexit UK-South African relationship (Gibbs, 2016).

Despite the staggering figures and the enormous role the UK plays in the trade architecture of South Africa, it must be observed that in 2015 South Africa accounted for less than 0.5 percent of UK merchandise exports (House of Commons Library, 2016). Given the dominance of EU to UK trading transactions, scholars and policymakers alike have argued that the UK government will rather focus on negotiating a new trade deal with EU (Respondent 3, Gibbs, 2016; Cabanska & Sikorska, 2019). Candidly said, South Africa and indeed, sub-Saharan Africa is not going to be a trade priority to the UK (Gibbs, 2016; Sagoe, 2020; Torto, 2020). That is not to say, Brexit may not pose any threat to the South African economy and the economies in the Sahel region.

The level of South African exports to the UK, standing at just 4 percent is a ‘blessing in disguise’ as it may limit the negative impact of Brexit on the South African economy. According to Moody (2016), the biggest threat will be reduced export demand. However, considering the meagre 4 percent accounting for UK destined export, and a reasonable worst-case scenario of UK’s economy shrinking - as projections of the IMF indicates that the UK will be the fastest-growing economy of the G7-leading industrial countries this year while accepting that its prediction of a post-Brexit financial crash has proved to be overly pessimistic (The Guardian, 2016B) – the direct impact of Brexit on the South African economy will be minimal (International Trade Centre, 2016; Gibbs, 2016). Nevertheless, some industries such as the agriculture (fresh fruits and nuts), precious stones and minerals and the automobile and auto-parts industry may look more vulnerable because of their high dependence on the UK economy for trade.



### **3.5.2 *The Common Agricultural Policy***

Most sub-Saharan countries are particularly disturbed about the subsidies attached to agricultural produce in the European market. South Africa, as much as Ghana, tend to benefit the more from Brexit in this instance. In the context of trade for South Africa, a vote to leave the EU and the fact that the UK will no longer be a part of the Common Agricultural Policy (CAP) signifies a good omen for its competitive and seasonally complementary agricultural industries. This is particularly so as UK's very crucial import from the EU will almost certainly be reduced, due to erected trade barriers and the functioning of CAP, thereby opening up space for South Africa to capitalise by exporting more agricultural products to the UK. (International Trade Centre, 2016; Gibbs, 2016). CAP lies at the heart of the EU political economy constituting about 40 per cent of its budget, spending a whopping amount of USD64 billion per annum to subsidise agriculture. Similarly, CAP heavily subsidises UK agriculture to the tune of GBP2.4 billion (ibid). The long-term effect is that the scale and size of subsidies received by British farmers will certainly be reduced (ibid). In the words of Agra Europe, 'what is certain is that no UK Government will subsidise agriculture on the scale operated under the EU (Agra Europe, 2016). Subject to the future agricultural tariff regime of the UK, Brexit presents an opportunity for South African competitive agricultural industry to shore up export to the UK. Going forward, the level of access afforded South African agricultural exports to the UK will be critical (Gibbs, 2016).

### **3.5.3 *The future of South Africa – UK Trade Relationship***

Before South Africa attained independence from apartheid in 1994, access to the European Market was governed by its Most Favoured Nation status, that is, South Africa's access to the EU was more or less on similar terms as countries like the USA and Japan (Gibbs, 2016). South Africa's application to join the Lomé Convention was rejected by the EU on grounds of

reciprocity (ibid). Presently, South African's trade relationship with the EU and of course including the UK is governed by a separate South Africa-EU Agreement and it is until recently a - signed but unratified- Economic Partnership Agreement between the SADC and EU was entered in 2016. Due cognisance must be given to the fact that the SADC-EPA guarantees Botswana, Lesotho, Namibia, Swaziland and Mozambique free access to the European market, but limits South Africa's level of access to the European market (Gibbs, 2016). Although it may be argued that South Africa's access to the European market is more enhanced prior-1994, it remains less favourable to the terms enjoyed by the BLNS and Mozambique. Brexit allows South Africa to enter into a separate trade policy, enhancing the geographical reach of South African trade to the UK.

### **3.6 Possible Trade Options post-Brexit and the effect on Ghana and South Africa**

The foregoing analysis highlights the structural mechanisms that allow or better still, enhance the UK-Ghana trade. Nevertheless, considering the rancorous and uncertainty surrounding negotiations between the UK and the EU, following the vote to leave the European Union of Nations, it is more prudent that any scholarly work hinged on the projection of the possible ramifications the decision to leave EU may portend highlights the possible outcome of the regulations. Most importantly, each outcome as outlined seriatim may either positively or negatively affect the trade relationship

The extent of damage that Brexit may present to the economy of Ghana and South Africa cannot be precisely enumerated or quantified. However, one thing remains true: after Brexit, all agreements negotiated under the umbrella of the EU would be annulled. (MFARI, 2019). The corollary effect is that the UK must as a matter of necessity and urgency, renegotiate dozens of non – EU states agreement, and must do so simultaneously as it does with the EU.

The often-debated question is the nature of relationship UK will adapt with EU post-Brexit. For this discussion, the nature of the relationship will be relied on to determine how it will shape the UK's on-going relationship with Ghana and South Africa is concerned. In this light, this leg of analysis looks at three potential outcomes and its effect on Ghana and South Africa.

### ***3.6.1 UK Retain Access to the Single Market***

This evinces one of the major potentials and effect of Brexit on Ghana and other developing countries. This point highlights that post-Brexit and concerning trade with Ghana and South Africa, the UK can either retain access to the EU Single Market, meaning that there will not be any significant changes in terms of the structure of the demand of imports as well as the terms of tariffs and preferences applied by the UK to the rest of the world. However, in events where the UK-EU negotiations hold no consensus on the continuity of access to the EU single market, then countries like Ghana will have to contend with supplying products to two different markets with potentially different standards and regulations and higher cost of compliance (MFARI, 2019).

The severe case is a regime that replicates exactly the mosaic of tariffs presently applied to imports into the UK regardless of their legal basis (Stevens & Kennan, 2016). When this happens, countries like Ghana and South Africa, whose agricultural exports to the EU are saddled through the imposition of CAP will mean that any trade prospect as far as the exportation of agricultural goods is concerned, will remain unfazed (Gibbs, 2016).

### ***3.6.2 A New UK Trade Policy***

The outcome of the UK-EU negotiations may occasion a new UK Trade Policy. The option of a new UK Trade Policy can be further decided into two; a trade policy maintaining a customs

union with the EU devoid of any access to the single European market (MFARI, 2019). The net effect of such a deal is that the UK will continue to offer duty-free market access to Ghana, as stipulated under the on-going EPA's with ECOWAS when finally signed (Ibid). This trade policy-option is not without challenges. Under the MFN clause embedded in the Economic Partnership Agreement between ACP countries, Ghana cannot extend additional concession to the UK. The other decision of the new UK trade policy is the UK Autonomous Trade Policy. As the name suggests, this option implies that the UK may hold on to a free trade area with the EU but will have an independent trade policy.

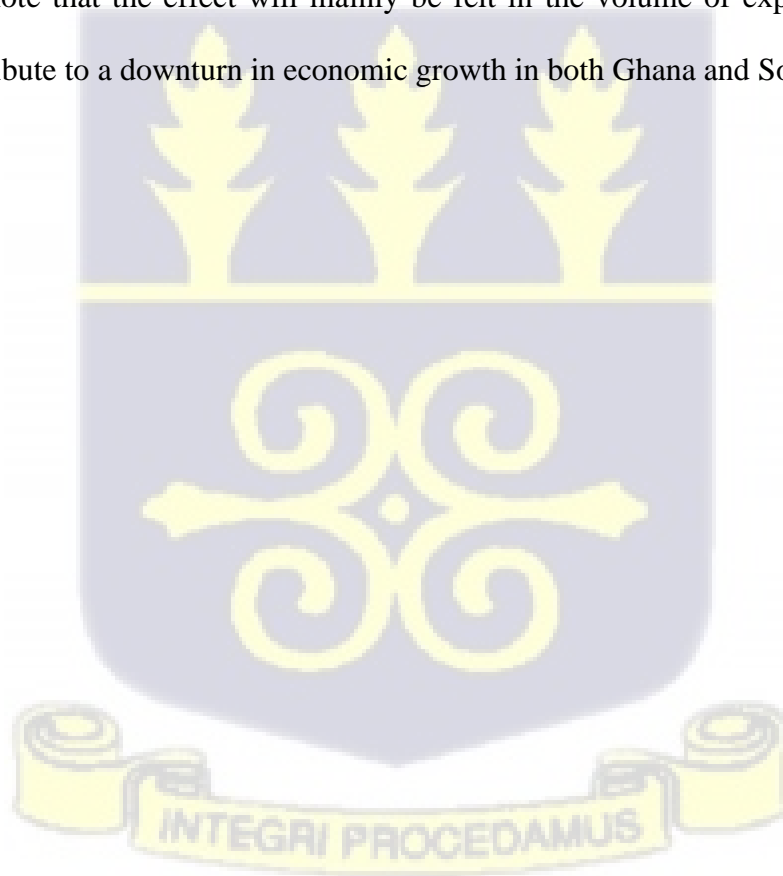
### ***3.6.3 The UK adopts its trade policy in line with WTO principles***

Finally, the UK adopts its trade policy in line with WTO principles. A possible outcome of negotiation could occasion the UK's adoption of its trade policy separate from the EU's and in line with WTO principles. The effect of such an arrangement is that the UK will be required to negotiate its trade arrangement with all 162 WTO member countries. The renegotiated trade arrangements would shore up the cost of doing business, increase restrictions and barriers to trade and inadvertently, harm the economy of Ghana. (MFARI, 2019). The UK maintaining a separate trade policy from the EU but under the WTO principles may not always come with negatives but could represent increased opportunities for South African agricultural exporters (Gibbs, 2016). According to Gibbs, decision UK makes about its agricultural tariff regime will certainly be less restrictive than the current Common Agricultural Policy (CAP). This will mean extra opportunities for South Africa's competitive agricultural exporters, that already have a high profile in South Africa's exports to the UK (ibid).



### 3.7 Conclusion

The discussions preceding highlight the existing trade framework under the EU-ACP agreement, with the weight of the UK's presence in almost all bilateral relations between the EU and the ACP. The study further demonstrates that the UK-Ghana and the UK-South Africa trade relationship is predominantly and in a more disproportionate manner, tilted to the benefit of the UK. As a result of the homogenous nature of exports from both countries; Ghana and South Africa, it makes it difficult for the two countries to leverage Brexit for a win-win trade agreement. This analysis comes in considering the EU as the largest trading partner or better still, the largest recipient of export from Ghana and South Africa, with the UK taking a larger part of it. In this light, Brexit will invariably lead to economic implications and as mentioned before, the extent of damages cannot be precisely highlighted. That notwithstanding, it is imperative to note that the effect will mainly be felt in the volume of export and may not generally contribute to a downturn in economic growth in both Ghana and South Africa.



## CHAPTER FOUR

### SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

#### 4.0 Overview

This chapter concludes the study with a presentation of the major findings upon which conclusions were drawn. The chapter also outlines a litany of recommendations to policy makers and students after a detailed analysis on the trade ramification of Brexit to Commonwealth (Africa) countries, using South Africa and Ghana as test cases.

#### 4.1 Introduction

The study was carried out within the framework of international cooperation with the hypothesis that Brexit would affect the political-economy and trade between the UK and Ghana and the UK and South Africa. The theory of international cooperation is the most suitable framework for this study among its peers of theoretical frameworks; this is because it is particularly strong in explaining the nature of cooperation that exists between states and intergovernmental organisations. The Commonwealth is a prototype of an international organisation with multiple partnerships. The theory of international cooperation revolves around the assumptions that states maintain healthy cooperation with another state where there is a common or at least some compatible interest so as to derive same results. Additionally, the theory also highlights that cooperation amongst states does not only contain a one-off interaction but involves a myriad of processes made up of long-term engagements by states often associated with the establishment and operation of an international cooperation on issues which joint action has to be undertaken. The theory asserts that states can actually form interdependent ties, through trade and institutionalized co-operation. The content of analysis of this study clearly demonstrates and fulfils the assumptions to the theory of international cooperation, highlighting the long-term engagement between the UK and the Commonwealth.

In fact, study demonstrates that members of the Commonwealth were banded together on a common historical lineage and compatible interest. Thus, UKs accession to the EEC, did not bring an end to this relationship but rather formalised cooperation with the 27-member states of the EU.

The objectives of this study were to identify the economic implications of Brexit to Commonwealth African countries, particularly, Ghana and South Africa. The study is also pressed with the objective of making projection into possible trade agreements post-Brexit, separate from the existing relationships created.

#### **4.2 Summary of Findings**

The study identified that the Commonwealth was formed on purely political grounds but the focus of the Commonwealth changed to embrace trade and economic development as an important objective. The study highlights that this was occasioned by language commonality and the inherent desire for all members to achieve economic development and growth. The study also found out that at the heat of the campaign for leave, UKs detachment to the Commonwealth was widely expressed by main proponents of the campaign for leave. The study highlights that the vote for leave was shaped by Eurosceptic sentiments, making a case for the Commonwealth and how Britain yearns to rekindle ties with the Commonwealth.

The study found that UKs accession to the EEC was shaped by desire to maintain external bonds with former colonies and more importantly, to bolster its imperial economic power in the post-war period. This system was to revolve around a preferential trade arrangement between the UK and its former British colonies, making purchase of certain commodities and monetary relations based on the sterling area. Furthermore, the study highlights that the

geographic scope of association of the Commonwealth to the EEC in terms of preferential trade arrangement and access to EEC market and for that matter the UK, was crystallized by the 1972 Treaty of Accession which saw the accession of Denmark, Ireland and the UK fostering a relationship with the EEC. The study highlights that the incorporation of Commonwealth African countries or what was known as associable countries under the policy scheme of the EU-ACP was akin to earlier arrangement formulated to accommodate the Francophone African colonies. The study maintains the position that the Europe-Africa Association agreements provided the “brick and mortar” to the deepening trade relationship between the EEC (now EU) and Africa.

The study found that the EU-African relations were shaped by quite a number of conventions, ranging from the Yaoundé Accords to the Lomé Conventions through to the Cotonou Agreements and finally, the Economic Partnership Agreements. The study illustrates that with each agreement, the EU maintained a peculiar trade arrangement and a peculiar system of trade preferences, which was reviewed from time to time: from reciprocal to non-reciprocal through to preferential trade arrangement. The study demonstrates that, particularly under the Lomé Convention and its attendant non-reciprocal system of trade was created to give the ACP countries access to the European market while allowing them the policy space to protect fledging enterprises from being saddled with cheaper imports from European states.

The study also found that many Commonwealth developing countries largely rely on the UK market for their export and that UK absorbs about 18 percent of Commonwealth developing countries’ export to the EU. Study also illustrates that despite UKs diversified economy, the EU remains an important trading bloc to the UK, contributing about half of UKs overall trade. Additionally, the study reveals that the EU also accounts for about 16 percent of all

Commonwealth exports, with total merchandise trade flows of Commonwealth countries exports to the UK, including the UK's exports to other Commonwealth members, expanding from around US\$ 57 billion in 2000 to over US\$91 billion in 2015.

The study further highlights that due to the intertwinement of the economies of the UK, the EU and the dependence of most Commonwealth African countries, any contraction in the economies of the UK and EU as a result of Brexit will affect economic growth in most Commonwealth African countries. Against this background, the study demonstrates that it is in trade and development areas that African economies will see the greatest implications of Brexit. That notwithstanding, the study emphasizes that the implication of Brexit will not affect all African countries, especially found in the CFA zone.

The study found that the general implications of Brexit to Commonwealth Africa can be explained under three themes; the general trade outlook of Commonwealth Africa post-Brexit; the politics surround aid and development agenda post-Brexit and finally, the implications on EU negotiations following UKs leave.

The study contends that the impact of Brexit will be felt by Commonwealth African countries whose economies disproportionately rely on trade with the UK. The implication of Brexit on trade in Commonwealth Africa could also be felt in the area of Foreign Direct Investment, considering the fact that UK contributes about GBP 42.5 billion FDI in Africa. Study also found that, although the repercussions of Brexit will be felt by African countries whose economies disproportionately rely on the UK for trade, Brexit provides an opportunity to Commonwealth African countries and the entire African continent at large, to leverage UKs leave from the EU to foster new trade relationships that will be a win-win affair to both parties,

notwithstanding the fact the homogenous nature of the export base of most African countries may handicap this development.

On the second theme – politics of aid and development- the study contends that UK remains a significant contributor to EU funded aid programmes, contributing 0.7 of its GDP, representing a whopping GBP 11 billion to development assistance. Therefore, UKs leave invariably means a reduction in development facility for African countries.

The study found that UKs leave signified a major blow in EU negotiations as UK, a key proponent and advocate of pro-development schemes will be missing in negotiations, thereby affecting Africa’s development aspirations tied to donor funding.

The study found that under the interim Economic Partnership Agreement (iEPA), Ghana maintains a strong trade relation with the EU, making it amenable to the exogenous shock of Brexit. The study found that the extent of damage Brexit poses to trade in Commonwealth Africa, particularly Ghana and South Africa cannot be precisely ascertained. In this light, the study made projections on the possible trade options between the UK and EU post-Brexit and the effect each may pose to Ghana. To this end, the study found that the post-Brexit negotiations between the UK and EU may culminate in the UK retaining access to EU Single Market. The study illustrates that this means there will not be any significant changes in terms of the structure of the demand of imports as well as the terms of tariffs and preferences applied by the UK to the rest of the world. However, in events where the UK-EU negotiations holds no consensus on the continuity of access to the EU single market, then countries like Ghana will have to contend with supplying products to two different markets with potentially different standards and regulations and higher cost of compliance.

The study found that another possible outcome of the negotiations between UK and EU surrounding trade relationship post-Brexit is a new UK trade policy. The study moves a notch further to divide this into two: a trade policy maintaining a customs union with the EU devoid of any access to the single European market and a UK Autonomous Trade Policy implying strict independence of UK trade policy from the EU. Finally, the study projected another outcome which is UK adopting its own trade policy in line with avowed WTO principles governing trade.

Going forward, the study narrowed down findings to the implications of Brexit to UK-Ghana Trade. The study found that the actual impact of Brexit on the UK-Ghana trade will be ascertained when Britain finalizes its negotiations with the EU. That notwithstanding, the study asserts that UKs leave from the EU will result in changes to the underlying rules governing imports for accessing the UK market, which was originally through the EPA and trade arrangement between the EU and ACP. The cumulative effect is such that this may lead to either positive or negative effect on Ghana's export.

Furthermore, the study maintains that due to the novel nature of the negotiations to leave, the outcome of UK-Ghana trade is maimed with a sea of uncertainties, however, the implications will be gravely felt depending on Britain's approach to trade post-Brexit. Insular approaches by the UK post-Brexit will occasion dire consequences as it will gravely affect Ghana's export to the UK. A more expansionary approach on the other hand means a great deal of possible opportunities exist as UK could leverage its traditional relationships with Commonwealth countries fostering favourable bilateral trade deals with African countries of which Ghana

could take due advantage. That notwithstanding, Ghana could also get some respite looking east for new exploit market

The study also found that the absence of UK from the business of EU will not only culminate in the reduction of contribution to the EDF, with UK being a significant contributor but may also change the direction and flow of development assistance to Ghana and Africa, at large. The study found that Brexit may also portend some positives as far as the geographic scope of Ghana and South Africa's agricultural export is concerned. The study supported this claim, arguing that Brexit means UK will cease to be a part of EUs Common Agricultural Policy which places a subsidy system that have directly and indirectly hindered the capacity and competitiveness of African farmers. Thus, UKs leave presents an opportunity to expand the export base of Ghana and South Africa.

Finally, the study turned to South Africa-UK trade, finding that South Africa is the largest recipient of British foreign direct investments in Africa, standing at 30 percent with particular attention on mining and financial services. The study also found that South African merchandise trade, both imports and exports, to the EU-28 member states collectively amounted to about USD 38.3 billion, representing approximately 26 percent of South African's total merchandise. In terms of trading partners, the study found that, the EU-28 is by far the largest trading partner of South Africa, contributing to some 40 percent more than South Africa's second largest trading partner; the SADC, with UK accounting for 15 percent of all South Africa's trade with Europe. Furthermore, the study found that currently South Africa's trade relations with the EU with the heavy weight of UKs presence are governed by a separate South Africa-EU Agreement. The TDCA established a free trade area that covers 90 per cent of bilateral trade between the EU and South Africa.

The study also found that South Africa's trade with the UK is heavily dominated by three commodities; precious metals and stones, which accounts for about 39 percent of all trade; fruits and nuts, more specifically, fresh fruits constitute the second most dominated commodity for trade, representing 16 percent of export and finally, vehicle and vehicle parts representing 15 percent of export to the UK. The study relied heavily on this data, making deductions that the implication of Brexit will be gravely felt in the import and export economy of South Africa, highlighting that the biggest threat will be a reduced export demand. The study also found that aside the threat to export demand, the implications of Brexit to UK-South Africa trade will be minimal due to the fact that the level of South African exports to the UK, stands at just 4 percent, thus may limit the negative impact of Brexit on the South African economy.

The study also found that despite an enhanced access of goods and services emanating from South Africa to the EU, it does not enjoy favourable trade tariffs like its counterpart from Southern Africa (Botswana, Lesotho, Namibia, Somalia and Mozambique), therefore Brexit may present an opportunity for South Africa and UK to renegotiate trade terms, which will highlight a win-win situation for both countries.

### **4.3 Conclusions**

The cynosure of international cooperation and its attendant liberal institutionalism has succeeded in creating a near global economy, where contractions in the economy of one country may have repercussion on others. That is the thrust of the above highlighted analysis. The European Union is a prototype international organisation with multiple partnerships spanning the length and breadth of this globe. At the heart of its business is the UK, who albeit acceded in the 1970s, has proved to be an important actor in the European comity of nations. The Commonwealth Africa, particularly South Africa and Ghana are not left in this complex

trade arrangement. Foregoing analysis have shown that both countries; Ghana and South Africa largely rely on the EU for trade, with the UK playing a primordial role. As such, it comes as no surprise the many implications Britain's leave from the EU portends to the existing trade relationship between the UK and South Africa, and the UK and Ghana. The study highlights that Brexit may occasion a change in rules of trade depending on the outcome of negotiations between the UK and EU. It also depends on Britain's approach to trade post-Brexit. Regardless of the outcomes, the impact of Brexit would be felt in the economies of the UK, EU, Ghana and South Africa but the exact extent of damage cannot be precisely ascertained. Nevertheless, a country like South Africa, touted as the largest trading partner of the EU and the UK in Africa, may not necessarily feel the impact of Brexit as the scale of exports to the UK stands at just about four (4) percent. Brexit does not only embody negatives to Commonwealth Africa, but also carries along some trade prospects such a renegotiation of trade arrangement distinct from the EU and on the path of South Africa and Ghana, leveraging Brexit and UKs urgent need to broker trade deals to revise the terms of trade for a win-win situation. Brexit also presents Commonwealth Africa, particularly Ghana and South Africa to expand their export base and to escape the cascading effect of the Common Agricultural Policy pushed by the EU. This will also mean that most African countries must endeavour to expand their export base to be able to trade with several other countries aside the EU and the UK.

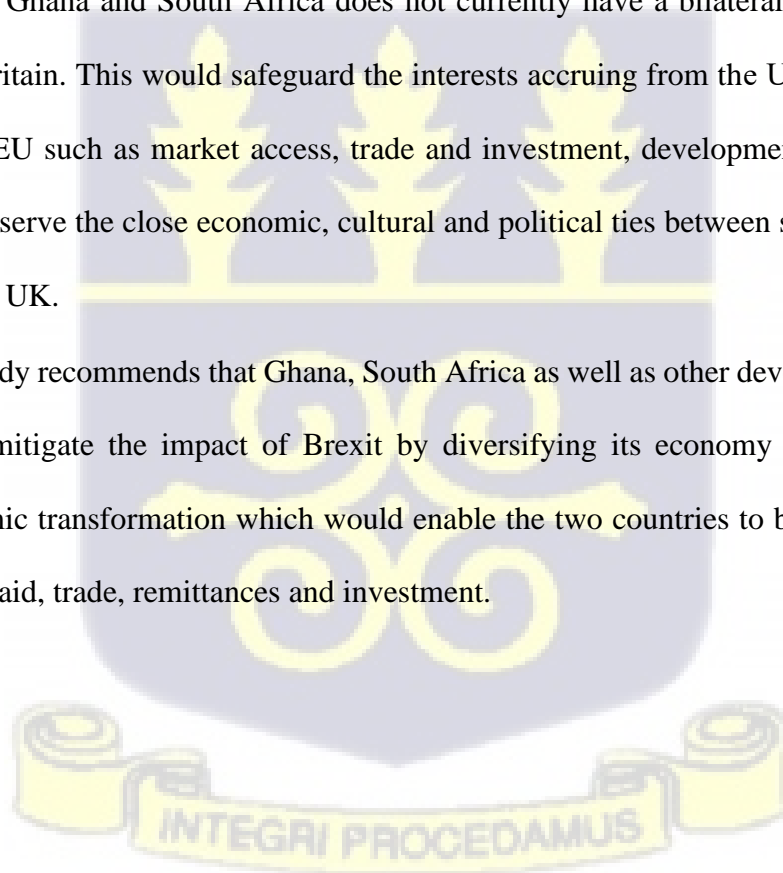
#### **4.4 Recommendations**

Based on the findings above the study recommends the following:

- The study recommends that the uncertainty surrounding the extent of damages Brexit portends can only be resolved through negotiations with partners such as the EU and UK concerning the implication of Brexit to Ghana-UK and UK-South Africa trade activities post-Brexit. Therefore Ghana, South Africa, EU and the UK must strive to

enter into thorough engagements and negotiation to ascertain the shocks associated with Britain's leave from the EU. This will enable both parties to galvanise the right strategies and mechanisms to absorb the impact and to overcome same.

- The study recommends strongly that in order to mitigate the exogenous shocks from developments such as Brexit and its related activities, Ghana and South Africa must endeavour to take up leading roles in encouraging, promoting and strengthening migration process within the West African, Southern Africa sub-regions as well as Africa at large to boost intra African Trade.
- The study further recommends that Ghana and South Africa may have to start negotiating with Britain for a bilateral trade agreement before Britain completely exit the EU in order to avoid any disruption of trade between Ghana, South Africa and the UK, as Ghana and South Africa does not currently have a bilateral trade agreement with Britain. This would safeguard the interests accruing from the UK's membership of the EU such as market access, trade and investment, development financing, etc. and preserve the close economic, cultural and political ties between some ACP States and the UK.
- The study recommends that Ghana, South Africa as well as other developing countries could mitigate the impact of Brexit by diversifying its economy and engaging in economic transformation which would enable the two countries to be less dependent on UK aid, trade, remittances and investment.



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- Interview with Mr James Sagoe, from the Department for International Trade, Foreign and Commonwealth Development Office, South Africa on 2<sup>nd</sup> October, 2020.

Interview with Mr. Charles Fellah, Assistant Director, Europe Bureau, Ministry of Foreign Affairs and Regional Integration on 7<sup>th</sup> October, 2020.

Interview with Mzwakhe Lubisi, the Economic advisor at the South African High Commission and representative of the Ministry of Trade, Industry and Competition of South Africa.

Interview with one anonymous person from the Department for International Trade, Foreign and Commonwealth Development Office, South Africa on 14<sup>th</sup> October, 2020

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