

Brexit: what implications for EU-Africa and South Africa relations?"



GovInn

Centre for the Study of
Governance Innovation

Dr. John Kotsopoulos
Senior Researcher
GovInn

Introduction



- Structure of Presentation
 - Why Brexit?
 - Scenarios
 - Consequences for the UK
 - Consequences for the EU
 - Consequences for Africa and South Africa

Why Brexit?



- Why Brexit?
 - Paradox
 - an anti-elitist movement run by the elite
 - Internationalists (“nostalgists”?) sustained by those disaffected or displaced by globalisation
 - “Perfect storm”
 - Culmination of decades of demonising the EU
 - Migration and identity politics
 - Perpetual EU crises and loss of confidence
 - Disingenuous leadership
 - Complete absence of any plan for Brexit
 - Mockery of expert warnings

Brexit Ahead



- What are the consequences of Brexit? Speculation at this stage
- Crucial challenges
 - Will the UK honour the central motivation of Brexiters to limit migration?
 - Trade scenarios and the relationship with the EU and with Africa derive from this basic dilemma
 - Understanding the complexity of divorce
 - Coupled with lack of clarity of what Brexiters actually want (disparity of motivations for voting Brexit complicates matters further)

Brexit: Consequences for the UK



- Hard Brexit
 - Acrimonious break – limited single market access
 - UK to extricate itself from 5,000 regulations, directives and decisions relating to the internal market and around 1,100 international treaties between the EU and third countries.

- Soft Brexit
 - Single market access but non-tariff barriers (trade & investment) remain
 - Comprehensive trade deal negotiated

- Ambiguous Brexit
 - Swiss or Norwegian EFTA model – full access to EEA (but contingent adhering to full tenets of single market incl. free movement and budget contribution – Leave red lines)

- No Brexit

Brexit: Consequences for the EU



- Trade policy
 - Loss of the UK as neo-liberal advocate
- Foreign policy footprint and prestige
 - Absence of major military power and UNSC member
 - Washington, Paris, Berlin key to NATO-EU relations
 - UK relevance to USA as EU conduit diminished
- Level of integration
 - Could the UK's absence lead to “ever closer union”?
- Role of Germany and France
 - The UK as break to continental ambitions

Brexit: Europe and Africa cont...



EU and UK as actors in Africa

- Aid
 - EU: effect on EDF budget; UK major contributor to EDF (GBP1.5 billion of 14 billion in 2015 allocated via EU)
 - EU: loss of aid to African Peace Facility?
 - UK: contracting economy could have repercussions for remittances and aid budget
 - UK: possible change in development focus (Commonwealth)? Brexit distraction?
 - EU+UK: Diminished global aid agenda leadership? Policy Coherence for Development undermined?

Brexit: Europe and Africa cont...



- Foreign Policy in Africa
 - EU: defence -- UK (largest spender) outside of CSDP and decision making processes. Does it matter (UK was already sceptical)?
 - EU: diminishment of foreign policy presence in Africa?
 - 2020 Cotonou expiration
 - Future of JAES and EU-Africa 2017 Summit agenda?
 - UK: targeting of Commonwealth partners? Quixotic? Neo-colonial?
 - UK: possible turn inwards – more migration controls?

Brexit: Europe and Africa cont...



■ Trade and Investment

- EU: status of EPAs in question? SADC EPA signed in June 2016
- UK: full renegotiation of trade deals? Onerous renegotiation process with lack of expertise. Keep EPAs?
- UK: possible recession and analogous consequences for trade and investment

Brexit: Europe and Africa cont...



Africa's changing relations with the UK and EU

- Opportunity?
 - Africa to push back on EPAs (again)
 - AU to make good on commitment to self-funding
 - Increasing market share in the UK with devalued pound?
- Challenges?
 - Loss of UK as Africa advocate in eastward looking EU
 - Remittances
 - Investment uncertainty in the UK, EU and Africa
 - CAP

Brexit: Consequences for UK-SA and EU-SA relations



UK-South Africa relations:

■ Trade and Investment

- UK biggest single investor in SA economy (45.6% of direct investment)
- Large chunk of SA global direct investment share targeted at UK (10.9%). Plus more than 30% of South Africa's direct investments (R185 billion) in the EU were located in the UK.

■ Possible Scenarios:

- Capital constraints in the UK. Could affect SA to access financing from British banks. (British lenders' claims on entities in South Africa amount to 178% of SA's foreign currency reserves - UniCredit).
- New FTA between UK and SADC

EU-SA EU-UK Relations cont...



- Consequences more about UK economic slowdown than about disengagement from SA
- SA is one of only 10 EU strategic partners in the world
 - EU-SA and UK-SA relations are somewhat unique in Africa – and therefore we can anticipate special efforts to sustain them

Conclusions



- Both EU and the UK weakened in Africa
- UK-SA and EU-SA relations, however, likely to be prioritised given depth of respective relationships
- Much depends on what Brexit will ultimately mean – years of flux possible
- Can the absence of the UK's perpetual brake on integration lead to a more coherent EU in Europe and the world?
- Impact points for EU-Africa relations
 - Trade and investment
 - Aid and development
 - Migration
 - remittances
 - Foreign policy
 - cooperation