

# Brexit and Africa: How Africa can benefit

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11 Jun 2019

Brexit, combined with the trade wars involving the world's two powerhouse economies, China and the USA, is a major factor in generating global uncertainty at present. Uncertainty is bad for global business, which also impacts African countries, including Nigeria - the biggest economy on the African continent.



Image source: Gallo/Getty.

From an African perspective these factors could however play to the continent's advantage as we see potentially a modern 'Scramble for Africa'.

European countries, as shown by the unprecedented recent approaches of British Prime Minister; Theresa May, German Chancellor Angela Merkel and French President Emmanuel Macron, who are keen to invest and develop closer links with Africa; while China has its Belt and Road Policy targeting the continent; and Japan is holding TICAD, the Tokyo International Conference of Africa's Development – later this year.

The US too, through the Overseas Private Investment Corporation (OPIC), is seeking significantly increased investment in Africa. The UK indeed intends being the biggest investor amongst the G7 in Africa, and others are following suit.

## The big question: Will Nigeria join?

So, in an uncertain world Africa should be able to take advantage, by acting decisively and strategically. One way may be through the Africa Continental Free Trade Area (AfCFTA) agreement.

The AfCFTA agreement came into force on 30 May and will make Africa the largest free-trade area in the world by population. The trade agreement was given the go ahead on April 29 as 22 countries have now ratified its adoption.

The African Union and African Ministers of Trade must now finalise work on supporting instruments to facilitate the launch of the operational phase of the AfCFTA during an Extra-Ordinary heads of state and government summit on 7 July 2019.

Whilst Nigeria, the biggest economy on the continent, has not yet signed or ratified the agreement, recent statements of the government, concerned about "the train leaving the station", may hint at movement towards joining.

## **Key concerns: Closing the infrastructure gap**

Regardless of Brexit and AfCFTA, the key concerns underpinning growth and development in Africa remain power, infrastructure, and education. With a Pan-Africa gap of \$170 billion per year in infrastructure, the benefits driven by free trade, including industrialisation, will not be capable of full exploitation unless this changes.

Progress towards closing this gap can be made, assuming that African countries drive a clear and certain strategy and policy, put predictable regulations in place, and deal with currency fluctuations and control corruption.

## **The future of English law**

As to the legal market, there have been a number of debates around the future use of English law, arbitration and enforceability of judgments post-Brexit.

Broadly speaking, there is no reason not to continue using English as governing law post-Brexit. All the same reasons for using the system still stand, including its sophistication, its long history of jurisprudence, and that it is well-recognised around the world, and commercially aware.

Each contract will continue to need to be taken on its merits. In addition, for arbitration, Brexit will not impact the enforcement of arbitration awards – generally these are dealt with under New York Convention. This will be unaffected by Brexit and London will continue to be as important as a seat for international arbitration.

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