Department for International Trade

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Angus MacNeil MP
House of Commons
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By email: macneila@parliament.uk

8th December 2020

Dear Angus,

I am pleased to confirm that the United Kingdom and Kenya have, today, signed an Economic Partnership Agreement (EPA). This will secure preferential access to British markets for Kenyan exports – providing a strong foundation to develop relations and pursue common interests in the future with Kenya – and I was delighted to sign it alongside Cabinet Secretary Betty Maina of Kenya, who travelled to London to conclude the deal in person.

Total trade in goods and services between the United Kingdom and Kenya already totals £1.4 billion a year and, with £250 million worth of deals signed at the United Kingdom-African Investment Summit earlier this year, this is expected to grow further. The United Kingdom is a major export market for a range of iconic key Kenyan products. As the Prime Minister noted in his speech at the Summit, around half of all the tea drunk in Britain comes to us from Kenya, the British market accounts for 43% of Kenya's exports of vegetables. British exports to Kenya also include vehicles, pharmaceuticals and even paper, worth around £800 million each year.

The United Kingdom-Kenya EPA will also support jobs and development in Kenya. The EPA will protect the livelihoods of Kenyans working in sectors that benefit from tariff-free access to Britain. This agreement will provide the strongest possible platform for us both to expand our trade relationship in the future.

Our EPA will promote increased trade and investment by keeping our trading relationship on an equitable, mature, and business-like footing, supporting sustainable growth and poverty reduction. The agreement's committee structure will provide a forum for Kenya and the United Kingdom to formally discuss and improve issues in our trading relationship, something not provided for by unilateral preferences. And unlike the unilateral preferences Kenya would receive without this agreement, this EPA provides duty-free access to UK markets on everything but arms and ammunition while also liberalising Kenya's markets gradually by reducing tariffs on many of imports from Britain over a period of 25 years.

Through this liberalisation, Kenyan businesses will secure lower prices where they want to import, helping to lower their production costs and aiming to support their growth and competitiveness. The agreement will therefore provide a major boost for businesses and investors in Kenya and the United Kingdom and provide a much-needed stimulus for economic development to counter the effects of the Covid-19 pandemic.

The agreement is development focused and secures immediate and long-term duty-free access to Britain for Kenyan exports – but our ambition is to secure the same level of co-operation and access across East Africa. Whilst the agreement covers trade in goods between Britain and Kenya today, it remains open to any other East African Community (EAC) country to join at any time. We foresee further negotiations on services and other trade-related issues in the future, and we have proven today – having begun bilateral negotiations only this summer, when it is was clear that the EAC as a whole would still not be ready to negotiate – that Britain will never leave Kenya behind.

This agreement is the sixth we have secured in Africa, covering 14 countries; last month, I signed an agreement with Côte d'Ivoire, which sells 6% of its bananas to Britain, worth £17 million in 2019. We are committed to protecting and growing trade with Côte d'Ivoire further. Côte d'Ivoire plays an essential role in supply chains for British chocolate, with £192 million of exports of cocoa and cocoa preparations being sent to our shores. In 2019, Cote d'Ivoire accounted for 48% of British imports of cocoa beans, 38% of cocoa paste, and 33% of cocoa butter. After the year we've had, no-one would want to make it more difficult to buy chocolate! That is why these deals matter.

We hope the last remaining African countries that have not been able to agree continuity agreements with us will be ready to do so soon; the opportunity to do so has been on the table for three years and British negotiators stand ready. Nonetheless, we are very pleased to have made so much progress with our African friends to secure continuity in our trading access and, importantly, these agreements provide strong platforms to further deepen our trade relationships in future. Our friends are keen to do more, as are we.

We will lay a copy of the agreement in Parliament shortly, alongside an Explanatory Memorandum and a Parliamentary Report to explain our approach to delivering continuity. Do please write if you should require any further information or assistance.

Yours ever,

RANIL JAYAWARDENA MP
Minister for International Trade