

# Introduction

Commonwealth trade has its origins in the historical relationship between Britain and other members of the Commonwealth when Britain was the world's largest trading nation, providing markets for raw materials and goods from her colonies and the source for finished products needed by those colonies. The complementary patterns of production, investment and trade that grew under this relationship evolved in different ways as member countries developed and diversified their economies. International payment arrangements, generally with sterling as their common reserve currency, and a pattern of trade influenced largely by Commonwealth preferences, further extended and developed the relationship.

Trade has also been influenced by individual and business associations and technical links as well as investment arrangements which have led to a number of joint ventures in industry and agriculture, with growing opportunities for joint investment and participation in projects of mutual benefit to member countries. Commonwealth countries include some of the largest producers of a number of primary commodities in which there is a considerable volume of trade both within and outside the Commonwealth. It is in this context that Commonwealth trade, and the various features associated with the economic relationship among them, acquire importance in world trade and in international economic relations.

The Commonwealth today is not a self-contained bloc; it does not present a common front in seeking to influence the development of international trading policies. Nevertheless, in view of the prominent position of some of the members in commodities of world-wide importance, and in view of its membership composed of a very representative cross-section of both rich and poor countries, it has demonstrated its capacity not merely to exercise a degree of influence in international forums on trade but also to provide a forum within itself, in which diverse and frequently conflicting trading interests of countries can be discussed intimately and without an atmosphere of confrontation. This has given special value to the Commonwealth association in helping to meet new challenges in the field of economic relationships and policy.

It is in this spirit that Commonwealth Ministers meet before international meetings to consider broad questions of policy and strategy. Commonwealth Finance Ministers meet every year in September just before the World Bank/Fund meetings to discuss economic and financial matters of common interest. Important international meetings like those of UNCTAD have been availed of for informal consultations among Commonwealth representatives. The meetings of the Special Preferences Committee of UNCTAD in 1970 provided the occasion for a series of consultations among Commonwealth representatives on the impact of the proposed scheme of generalized preferences on Commonwealth preferences and Commonwealth trade generally. UNCTAD III, to be held in Santiago next year, is again expected to offer a useful opportunity for high-level consultations among Commonwealth governments.

Liaison is maintained through the Commonwealth Secretariat with other international organisations also, e.g. F.A.O., GATT and O.E.C.D. The Secretariat has also been participating in briefings of Commonwealth Governments on the course of the current negotiations for British entry into the European Economic Community. In all these informal contacts it has been recognised that Commonwealth trade must be seen in the larger context of global trade, of which it is a vital part, and that there is continuing scope for the

expansion of Commonwealth trade and a need, toward that end, to strengthen well established links among Commonwealth members.

The total trade of Commonwealth countries with each other and with the rest of the world, while increasing markedly over the years in absolute terms in response to buoyant world economic conditions, has tended to decline as a proportion of world trade. Thus while Commonwealth exports rose from £21,100 million in 1969 to £23,900 million in 1970, the share of the Commonwealth in world exports is estimated to have fallen to 20·6 per cent in 1970, from 20·8 per cent in the preceding year and 21·5 per cent in 1966. Partly associated with this trend the share of intra-Commonwealth trade in total Commonwealth trade has also tended to fall, but over the past three years has shown no significant variation from about 23 per cent.

While these trends can be explained in terms of the much faster rate of growth in the trade of industrialized countries, there is no reason to be reconciled to a lower rate of trade growth for Commonwealth countries. Factors which operate over decades, such as Commonwealth preferences and the special relationships between Britain and other members of the Commonwealth, are no doubt yielding place to new ones: some of these latter, such as the prospect of Britain's entry into the E.E.C., are bound to add to the problem facing Commonwealth trade and economic relationships. There are, however, other and more hopeful developments which can in certain respects assist the growth of Commonwealth trade. New forms and means of multilateral co-operation within the Commonwealth are being forged, and it has been rightly argued that the changing character of the economic relationship renders it necessary that more efforts in the direction of such co-operation should be made to tap, to the fullest possible extent, the potential for increased trade within and outside the Commonwealth. It is in this context that the early and detailed consideration of the proposals that were laid before Commonwealth Heads of Government in Singapore in January 1971, for co-operation in regard to export market development, acquires relevance and importance.

This publication, "Commonwealth Trade 1970", which is one of a number of trade and commodity publications brought out by the Commonwealth Secretariat, reviews the main features of the external trade of the Commonwealth and of individual Commonwealth countries. Special sections incorporate the prominent features of trade between Commonwealth countries, on the one hand, and important trading partners outside—like the U.S.A., the E.E.C., Japan, Eastern Europe and the Peoples Republic of China on the other. It attempts to present a picture of Commonwealth trade in the context of world trade with the object of providing a ready reference for use by Commonwealth governments and organizations. To the statistical picture are added brief reviews of the general situation in regard to international trade policy and commodity trends and arrangements, as well as developments in the field of regional economic co-operation which are of significance in Commonwealth trade.