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Beyond the Pandemic: Commonwealth Trade and Investment Prospects

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1. Introduction

By June 2022, it will be nearly two and a half years since the outbreak of COVID-19. The impact of the pandemic on global trade and investment flows, including among the Commonwealth's 54 member countries, is now becoming clearer. The trade collapse in 2020 was deeper than previously estimated (Commonwealth Secretariat, 2021). Collectively, Commonwealth countries' exports fell by US$475 billion compared to 2019 and included an almost $100 billion drop in intra-Commonwealth trade. This was the result of economic recession in several major markets and severe disruptions to production and supply chains. Global trade rebounded in 2021 as many developed countries started to reopen their economies, facilitated by national vaccination efforts and stimulus spending. However, most developing and low-income countries lack equitable and affordable access to vaccines and other vital medical supplies, delaying recovery efforts.

Although the pandemic is not yet over, and the recovery is uneven, intra-Commonwealth exports rebounded sharply in 2021; they are estimated to have reached US$768 billion during the year, the highest recorded in value terms. However, the outlook for global trade has become more challenging given potentially slower gross domestic product (GDP) growth or even recession, persistent supply chain disruptions, rising inflation and debt, along with soaring costs – from freight to food and energy – and the wider economic repercussions of the conflict in Ukraine (see Box 1.1). Indeed, the geopolitical conflict in Ukraine is the third shock in recent years affecting global trade after the USA–China trade war – still largely unresolved – and the COVID-19 pandemic (Bacchus, 2022).

On the investment side, foreign direct investment (FDI) flows globally plummeted by 42 per cent in 2020 as the economic fallout from the pandemic delayed or curtailed implementation of existing investment projects and prompted many investors to defer decisions on new investments (UNCTAD, 2021a). These disruptions impacted the Commonwealth membership severely, leading to sharply lower FDI inflows to most Commonwealth countries in 2020 (Commonwealth Secretariat, 2021). However, as with the trade recovery, this situation improved in 2021.

This special issue of *Trade Hot Topics*, prepared ahead of the Commonwealth Heads of Government Meeting (CHOGM) in Kigali, Rwanda, analyses the

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Box 1.1 Rising food and energy prices

Alongside the slowdown in global growth, the current geopolitical tensions are affecting food and energy security in many Commonwealth countries. The most immediate economic impact of the Ukraine conflict has been a sharp rise in prices for food, fertilisers and commodities, especially oil, gas and coal. Grain shipments through Black Sea ports have already been halted, with potentially dire consequences for food security in many poor countries (Table 1.1). Global food prices have increased more than 50 per cent in this short period. Food constitutes around 20 per cent of household budgets in most developing countries, but up to 40 per cent in sub-Saharan Africa. Rising food and energy prices will have cascading impacts on economies and societies around the Commonwealth and the world.

Besides higher prices for staple foods, sunflower oil exports from Ukraine and Russia have dried up, sending buyers scrambling for alternatives and driving up prices. The recent ban on palm oil exports from Indonesia, the world's largest seller of this commodity, has worsened the situation. Since the export ban, palm oil prices have risen to more than US$1,700 per tonne (in May 2022), up by 70 per cent compared with the average price last year.

Apart from the food security challenges, 33 Commonwealth countries are net energy importers. Although their reliance on Russia is limited, except for the UK (12%) and Malta (15%), they will be indirectly affected due to rising energy prices. While the hike in fuel prices pre-dates the Ukraine conflict, this crisis has accelerated price increases. The benchmark Brent crude oil price for March was US$118 per barrel, up 38 per cent from its level in January and up 81 per cent year-on-year.

These rising food and energy prices, if not checked soon, could heighten inflationary pressures with severe implications for post-COVID-19 recovery, economic growth and development, poverty alleviation and inequality in affected countries. Multilateral co-operation on international trade is critical to addressing high food prices and energy security.

Table 1.1 Reliance on Russia and Ukraine for cereals imports[2]

Import share (%)	Imports from Russia	Imports from Ukraine
>20	Rwanda, Tanzania, Bangladesh	Bangladesh, India
10–20	Namibia, The Gambia, Malawi, Mozambique, Kenya, Cyprus, Cameroon, Uganda, Nigeria, Sri Lanka	United Kingdom, Cyprus, Dominica
5–10	Malta, Ghana, South Africa	Kenya, Uganda
0–5		Canada, Sri Lanka, Mozambique, The Gambia, South Africa, Malaysia, Tanzania, Seychelles, Nigeria

Source: Commonwealth Secretariat (calculated using WITS dataset).
Note: Countries ranked in each band according to their level of increasing dependence on Russia/Ukraine for imported cereals. The import share indicates the contribution of Russia/Ukraine in a country's total cereal imports.

performance of trade and investment among the Commonwealth's 54 member countries, along with the impact of COVID-19. It also explores the prospects for trade recovery.

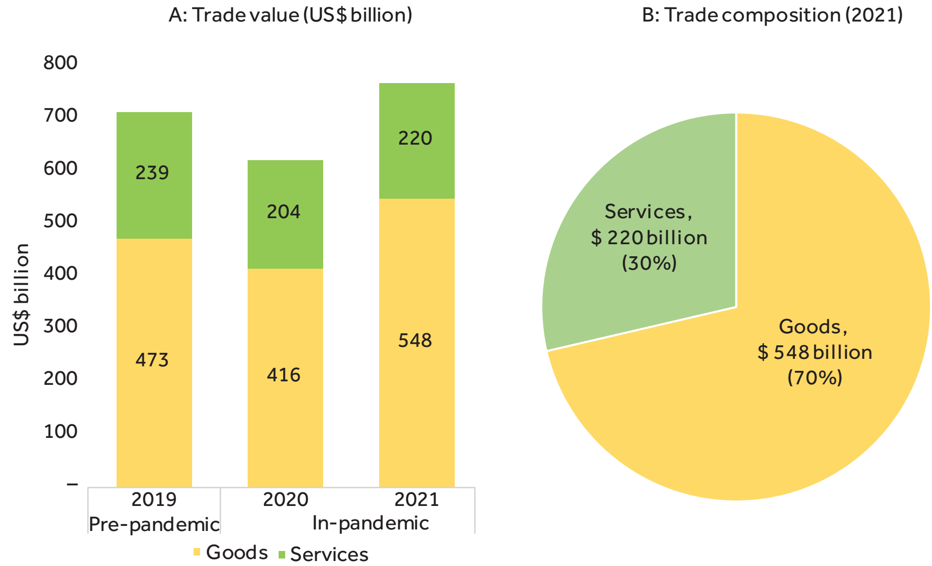
2. Intra-Commonwealth trade

Commonwealth countries' global exports of goods and services were worth US$4.3 trillion in 2021. Buoyed by the revival of world trade to record levels ($28.3 trillion), this trade also recovered sharply from the pummelling caused by the pandemic in 2020 ($3.6 trillion) and surpassed the pre-pandemic level in 2019 ($4.05 trillion).

Intra-Commonwealth exports rebounded in 2021 to an estimated value of US$768 billion, almost $150 billion up from 2020 (Figure 2.1). Overall,

2 Cereals are classified in the Harmonised System under HS10 and includes wheat, maize and rice.

Figure 2.1 Intra-Commonwealth exports, 2019–2021



Source: Commonwealth Secretariat (calculated using IMF and WTO datasets).

intra-Commonwealth exports represent 18 per cent of members' global exports. In 2021, more than two-thirds of these exports comprised merchandise, while services contributed about 30 per cent.

This trade continues to evolve as member countries deepen existing linkages or diversify trading partners within or outside the Commonwealth. Between 2005 and 2019, 24 member countries considerably increased their share of intra-Commonwealth trade. During 2017 and 2018, the value of intra-Commonwealth exports grew spectacularly, at over 10 per cent.[3] These exports surpassed the threshold of US$700 billion in 2019. However, in 2020, COVID-19, together with various protracted global economic exigencies from the pre-pandemic period, subdued trade growth and decreased exports from all Commonwealth regions (Table A1).

Developing countries are the leading intra-Commonwealth exporters, accounting for around 70 per cent of exports within the Commonwealth. Merchandise accounts for a large share of these exports. However, in recent years, services exports by Asian countries, especially India, Singapore and Malaysia, have become more significant.

Commonwealth small states depend the most on intra-Commonwealth trade, which represents 31 per cent of their world trade on average. Least developed country (LDC) members, especially Bangladesh and African countries, also have significant exports to Commonwealth markets.

Many Commonwealth countries have been highly exposed to the effects of COVID-19 because of their large services sectors along with existing structural challenges and vulnerabilities; this is especially the case for LDCs and small states. All Commonwealth regions experienced adverse effects, although the Caribbean and Pacific island countries were hardest hit because of their large dependence on tourism and travel services.

2.1 Intra-Commonwealth merchandise exports

Intra-Commonwealth merchandise exports contracted by almost US$60 billion in just one year (from US$473 billion in 2019). The severe recessions caused by COVID-19 in several large Commonwealth traders, including India, Singapore, South Africa and the UK, as well as pandemic-induced supply chain disruptions, led to this sharp decline in 2020.

The value of intra-Commonwealth merchandise exports was estimated at US$548 billion in 2021, up by $130 billion from the previous year ($416 billion). A quick recovery in Commonwealth Asian economies, the relatively smaller incidence of the pandemic in African members and rising commodity prices underpins this swift rebound (Table 2.1).

A few large developing economies dominate intra-Commonwealth merchandise exports (left-hand chart in Figure 2.2). India is the largest intra-Commonwealth exporter. In 2021, it exported

3 The US dollar value of intra-Commonwealth exports grew by 10.89 per cent and by 10.97 per cent in 2017 and 2018, respectively.

Table 2.1 Commonwealth export profile, 2019–2021 (US$ billion)

	Good and services			Goods			Services		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
Intra-Commonwealth total	712	620	768	473	416	548	239	204	220
of which									
By development									
Developed	230	205	229	136	125	146	94	80	82
Developing	482	415	539	337	291	402	145	124	138
By region									
Africa	97	82	108	83	73	98	14	9	10
Asia	373	325	419	244	210	291	128	115	128
Caribbean and Americas	49	42	51	34	30	38	15	12	13
Caribbean SIDS	8.4	6.1	9.3	7.0	5.4	8.5	1.4	0.8	0.8
Europe	111	102	112	61	55	60	51	47	52
Pacific	83	69	79	51	48	60	31	21	19
Pacific SIDS	4.4	3.0	3.4	3.4	2.8	3.3	1.0	0.2	0.1
CW global total	4,059	3,589	4,356	2,848	2,527	3,197	1,211	1,062	1,159
World total	25,285	22,804	28,303	19,005	17,645	22,284	6,280	5,159	6,019

Note: The value of exports is measured in US$ billion.
Source: Commonwealth Secretariat calculations (using IMF Direction of Trade Statistics [DOTS] and WTO Stats).

about US$110 billion to other Commonwealth countries, followed by Singapore ($78 billion) and Malaysia ($68 billion). Together, these three economies account for about half of total intra-Commonwealth merchandise exports, with this pattern remaining largely consistent over time. The fact that, overall, intra-Commonwealth goods trade is concentrated among a few countries, suggests there is potential scope to broaden participation and the benefits from trade if more countries can generate a supply response.[4]

Commonwealth developed countries rank lower in terms of shares of intra-Commonwealth goods trade.[5] This is due in part to the large share of services in their trade and, in part, because of the significant regional trade of these economies – namely, the UK with the EU and Canada with the USA and Mexico. However, the UK's aspiring trade integration with several Commonwealth countries, including Australia, India, New Zealand and Singapore, could alter these patterns, significantly boosting intra-Commonwealth exports in the coming years.

2.2 Intra-Commonwealth services exports

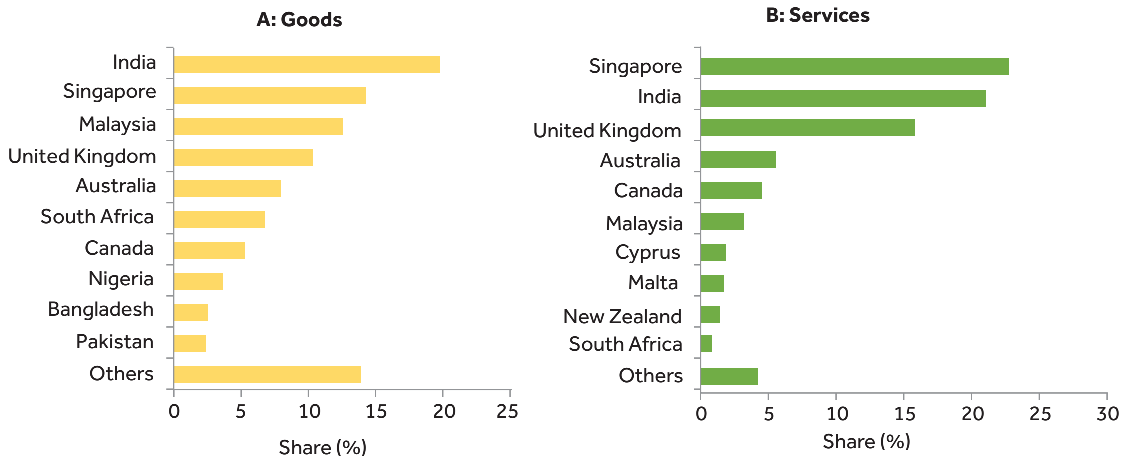
The value of intra-Commonwealth services exports in 2021 was estimated at US$220 billion, up by almost $17 billion from 2020. Although services exports have rebounded, they are still below the pre-pandemic level ($239 billion). Partial resumption of travel and transport services in most countries and the switching of cross-border services delivery modes to online is driving this increase.

Prior to the pandemic, intra-Commonwealth services exports were growing rapidly, more than doubling from around US$98 billion in 2005 to $239 billion in 2019. The pandemic-related disruptions in contact-intensive sectors, such as hospitality, travel and tourism services, caused a decline of $35 billion in intra-Commonwealth services exports in 2020. Full recovery in services exports is still delayed due to the lingering effects of the pandemic.

COVID-19 has also deepened reliance on digital technologies amid accelerating digitalisation. This

4 Ten countries account for around 90 per cent of intra-Commonwealth goods trade (see the left-hand chart in Figure 2.2).
5 The UK was the fourth-largest merchandise exporter, while Canada was the seventh-largest goods exporter.

Figure 2.2 Country share of intra-Commonwealth goods and services exports, 2021



Source: Commonwealth Secretariat calculations (using IMF Direction of Trade Statistics [DOTS] and WTO Stats).

has coincided with switching of modes of supply to focus on digital delivery in many services sectors (e.g., education and healthcare). Consequently, in contrast to the damaging impacts of the pandemic on overall services exports, the combined value of Commonwealth countries' digitally deliverable services (DDS) exports – those that can be delivered remotely using information and communication technology (ICT), like the internet – fell by less than 2 per cent in 2020, in the process ameliorating some of the pandemic's worst effects on Commonwealth services trade (see Box 2.1).[6] However, the ability to trade through online interactions is dependent on infrastructure, technological capacity, human capital and connectivity, and is not always a viable option for service providers in low- and middle-income countries.

Services trade is an important component of Commonwealth countries' exports, contributing around one-third of intra-Commonwealth trade. This is larger than the share of services in global trade (25 per cent) (WTO, 2020). However, intra-Commonwealth services exports are extremely concentrated, with five countries accounting for more than 80 per cent of the overall total in 2021. Singapore was the largest services exporter (US$60 billion) in that year, followed by India ($55 billion) and the UK ($19 billion). These three countries account for more than 70 per cent of intra-Commonwealth services exports.[7]

Box 2.1 The digitalisation of Commonwealth services trade during the pandemic

The shares of DDS in total services exports climbed sharply across the Commonwealth in the first year of the pandemic (Figure 2.3), even though the actual value of DDS exports only increased in ten member countries.[8] The Commonwealth's combined DDS exports reached more than US$685 billion in 2020, accounting for 71 per cent of total services exports (compared to 64% worldwide), up from 59 per cent in 2019. DDS export shares were highest among Commonwealth developed and Asian countries in 2020 and, although notably lower for African members, as well as Pacific and Caribbean small island developing states (SIDS), were still significantly above pre-pandemic levels.

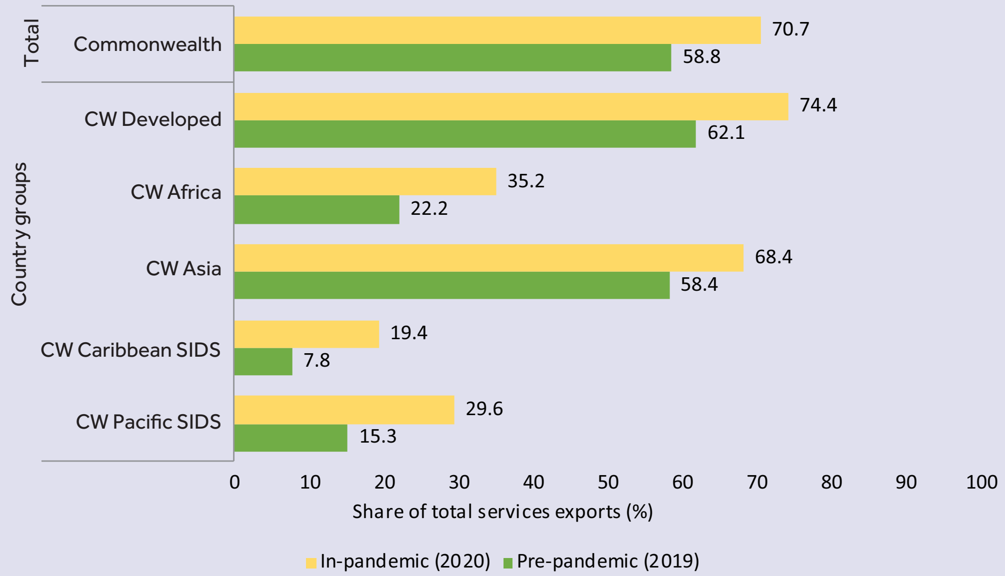
These shifts in favour of Mode 1 services trade, which involves cross-border supply enabled through online or digital means, are likely to continue as digitalisation becomes increasingly pervasive in the post-pandemic world. While the growing prospect of delivering services digitally across borders presents a plethora of new trading opportunities, it may also exacerbate digital divides in the Commonwealth and globally. Limitations in digital infrastructure, connectivity and skills mean LDCs, and some other

6 This is in line with global trends, where total services trade declined by 20 per cent whereas DDS exports fell by only 1.8 per cent (UNCTAD, 2021b).

7 Australia and Canada are the fourth- and fifth-largest exporters, respectively. Among the African members, only South Africa ranks in the top ten services exporting economies.

8 The Bahamas, Belize, Brunei Darussalam, Canada, Cyprus, Eswatini, India, Jamaica, Nigeria and Pakistan.

Figure 2.3 Share of digitally deliverable services in total Commonwealth services exports, 2019 and 2020 (%)



Note: Calculated using a consistent sample of 39 Commonwealth countries, with data for both 2019 and 2020 and collectively accounting for 98.6 per cent of total Commonwealth DDS exports in 2019.
Source: Commonwealth Secretariat calculations (using UNCTADstat data).

developing countries, often lack the capacity to leverage technologies to trade services digitally. DDS exports by Commonwealth LDCs declined by 13 per cent in 2020 (compared to a 9 per cent decline for LDCs globally) and accounted for less than 0.3 per cent of total Commonwealth DDS exports.[9] These countries face being marginalised in global digital trade unless they can build capacity to fully capitalise on the opportunities arising from the digitalisation of services.

3. Intra-Commonwealth investment

Overall, foreign direct investment (FDI) inflows to the Commonwealth amounted to US$249 billion in 2020, which was almost $100 billion (or 28%) lower than the annual average for 2017–2019. Thirty-six (36) Commonwealth countries recorded lower FDI inflows in 2020 compared to pre-pandemic levels.

The dramatic decline in global FDI flows in the first year of the pandemic ameliorated in 2021 amid a generally improved outlook and a steady, albeit uneven, recovery. Global FDI flows rebounded strongly, increasing by 77 per cent to reach US$1.65 trillion (UNCTAD, 2022). This was $174 billion above the level immediately before the pandemic (in 2019) and $718 billion higher than in 2020. To date, however, the recovery has been strongest in developed countries, where FDI inflows climbed by 199 per cent from 2020 to 2021, compared to 30 per cent for developing economies and 19 per cent for LDCs (ibid.). Moreover, much of the growth has been concentrated in infrastructure sectors, buoyed by a proliferation of international project finance deals.[10] In contrast, greenfield project announcements stagnated globally – declining by 1 per cent in 2021 (ibid.).

The sections that follow explore intra-Commonwealth dynamics in greenfield investment to assess the impact of the pandemic on productive FDI flows within the Commonwealth.

3.1 Trends in intra-Commonwealth greenfield FDI during the pandemic

Intra-Commonwealth greenfield investments fared noticeably better than global greenfield flows in 2021. There were 726 intra-Commonwealth greenfield project announcements in that year, up from 517 in 2020 and just shy of the pre-pandemic average of 751 (panel A in Figure 3.1). India and Singapore, together with three developed

9 Covering seven Commonwealth LDCs (Bangladesh, Lesotho, Mozambique, Rwanda, Solomon Islands, Uganda and Zambia) with available data on DDS exports in 2020.
10 According to UNCTAD (2022), favourable long-term financing conditions, widespread recovery stimulus packages and growth in overseas investment programmes have fuelled strong investor sentiment in infrastructure sectors. Industrial real estate and renewable energy have been among the main beneficiaries of rising infrastructure project finance deals globally.

Commonwealth countries (Australia, Canada and the UK), welcomed the bulk of these new investments. All five Commonwealth regions attracted more greenfield projects from Commonwealth investors in 2021 compared to the previous year and, in the Caribbean and Americas, new project announcements rose above pre-pandemic levels.

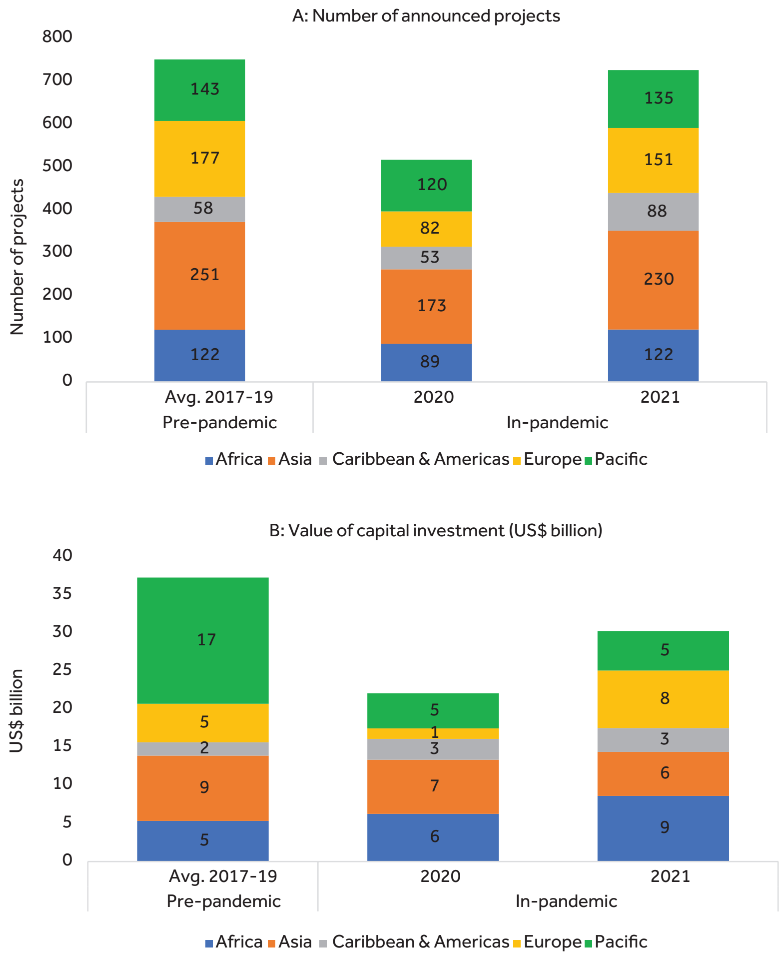
The combined value of capital investments through intra-Commonwealth greenfield FDI increased from US$22.1 billion in 2020 to $30.3 billion in 2021 (panel B in Figure 3.1). Although this aggregate remains below the pre-pandemic average ($37.3 billion for 2017–2019), intra-Commonwealth flows to three regions – Africa, the Caribbean and Americas, and Europe – eclipsed the levels recorded before the pandemic.

Some Commonwealth regions – notably Africa, the Caribbean and Americas, and Europe – became relatively more reliant on greenfield investments originating from within the Commonwealth during the course of the pandemic, with these inflows representing an increasingly influential driver of recovery. After dipping initially in 2020, the intra-Commonwealth share in overall Commonwealth greenfield inflows increased by nearly 4 percentage points in 2021, in the process exceeding the pre-pandemic average for 2017–2019 (Table 3.1). Among Commonwealth regions, the shift was most pronounced in Africa, where investment announcements originating from within the Commonwealth accounted for close to 40 per cent of overall greenfield FDI inflows, up from 36.7 per cent in 2020 and more than double the pre-pandemic average.

3.2 Sectoral dynamics

The sectoral composition of intra-Commonwealth greenfield FDI inflows has also changed since the start of the pandemic (Figure 3.2). The first year of the pandemic saw a pivot in favour of investments in manufacturing, with the sector's share of overall intra-Commonwealth FDI more than doubling compared to the pre-pandemic average. In 2020, the manufacturing sector accounted for one-third of all intra-Commonwealth flows. This shift was driven, in part, by large increases in intra-Commonwealth investments in the automotive Original Equipment Manufacturer (OEM) and chemicals industries. At the same time, the equivalent share of intra-Com-

Figure 3.1 Announced intra-Commonwealth greenfield FDI projects, average 2017–2019 versus 2020 and 2021



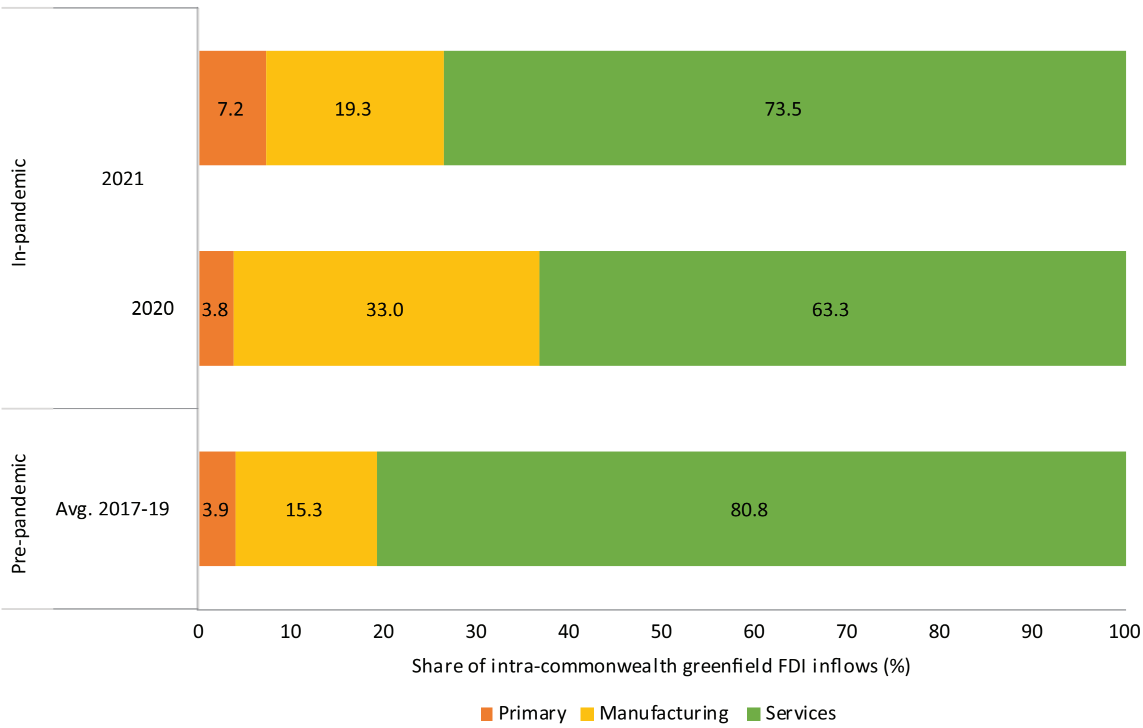
Source: Commonwealth Secretariat (calculated using fDi Markets data, from the Financial Times Ltd 2022).

Table 3.1 Intra-Commonwealth shares of total greenfield FDI inflows, average 2017-2019 versus 2020 and 2021 (%)

	Pre-pandemic	In-pandemic	
	Avg. 2017–19	2020	2021
Commonwealth total	18.4	15.2	19.1
Of which			
By development			
Developed	25.4	11.7	19.3
Developing	12.8	19.0	18.8
By region			
Africa	18.7	36.2	39.7
Asia	10.9	13.4	10.3
Caribbean and Americas	9.4	17.2	17.0
Caribbean SIDS	21.8	1.9	59.1
Europe	14.6	3.6	17.3
Pacific	43.8	22.0	28.0
Pacific SIDS	19.8	–	94.5

Source: Commonwealth Secretariat (calculated using fDi Markets data, from the Financial Times Ltd 2022).

Figure 3.2 Shifting sectoral composition of intra-Commonwealth greenfield FDI inflows, average 2017–2019 versus 2020 and 2021



Source: Commonwealth Secretariat (calculated using fDi Markets data, from the Financial Times Ltd 2022).

monwealth services sector FDI fell significantly relative to pre-pandemic levels, on the back of especially large declines in the value of investments announced in financial services, hotels and tourism, leisure and entertainment, real estate, and renewable energy in 2020.

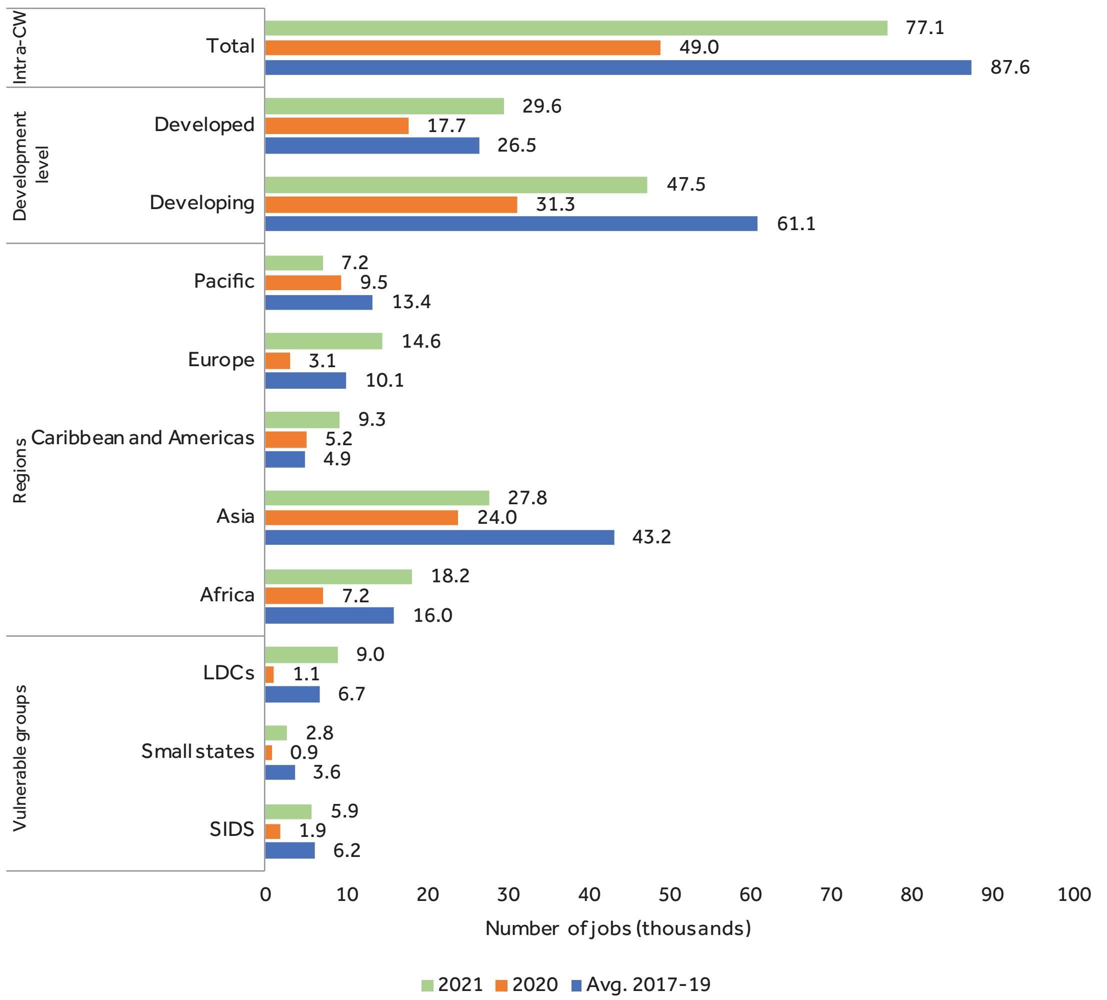
The broader recovery of intra-Commonwealth greenfield FDI in 2021 was accompanied by further shifts in the sectoral composition of these investments, as the investors which had temporarily weaned away from services during the peak of the pandemic in 2020, again returned to this sector. A rising share of intra-Commonwealth investment announcements in services (especially in real estate and software and IT services), as well as in the primary sector (driven by a large increase in flows to coal, oil and gas), contrasted with a declining relative share of manufacturing investments (in part due to markedly lower intra-Commonwealth flows to the automotive OEM and chemicals industries).

3.3 Intra-Commonwealth greenfield FDI and job creation during the pandemic

The onset of COVID-19 and its effects in constraining economic activity triggered a major jobs crisis across much of the world, prompting concerns that falling employment levels would raise poverty and widen inequalities within and between countries (OECD, 2020). Within the Commonwealth, lower investment flows translated into significant reductions in the jobs created through intra-Commonwealth greenfield investments, particularly in the first year of the pandemic. Across the Commonwealth, an estimated 38,590 fewer jobs were created through announced intra-Commonwealth greenfield projects in 2020, compared to the annual average prior to the pandemic (87,629). The lower job-creating returns affected both developed and developing Commonwealth members, with a relatively large effect on developing countries – where job creation declined by almost half compared with a one-third decline in developed countries. This decline impacted all Commonwealth regions and vulnerable country groups (LDCs, small states and SIDS) in 2020 (Figure 3.3).

In keeping with the uptick in greenfield FDI in the second year of the pandemic, jobs created through intra-Commonwealth investments rebounded strongly in four of the five Commonwealth regions in 2021, with the Pacific the only exception. However, while increasing to 77,073, the aggregate number of jobs created through these investments across the Commonwealth has not yet returned to the levels recorded immediately before the pandemic. Nevertheless, jobs created exceeded pre-pandemic levels in some Commonwealth regions and country groups in 2021, with especially significant improvements for Commonwealth

Figure 3.3 Estimated jobs created through announced intra-Commonwealth greenfield investments, average 2017–2019 versus 2020 and 2021



Source: Commonwealth Secretariat (calculated using fDi Markets data, from the Financial Times Ltd 2022).

countries in Africa, the Caribbean and Americas, and Europe, as well as for Commonwealth LDCs.

4. Outlook and prospects for Commonwealth trade and FDI

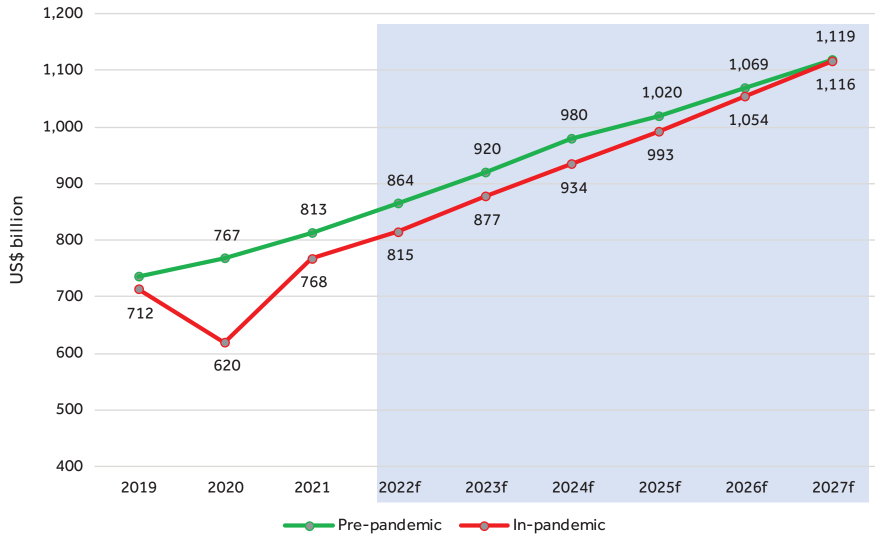
Global trade and economic growth rebounded in 2021 but the recovery is facing several headwinds. The risk of a protracted pandemic remains, particularly given vastly uneven vaccination rates across countries and the slow progress in vaccinating populations in many developing countries and LDCs. As experience over the past two years of the pandemic has shown, new variants and virus outbreaks – as witnessed recently in China, for example – can produce setbacks with global implications that severely undermine progress towards economic recovery. Global growth is expected to decelerate through to 2023 as rising inflation, debt and income inequality jeopardise economic recovery, especially in emerging and developing economies (World Bank, 2022). These will all have implications for Commonwealth countries' trade and investment flows in the short and medium terms.

4.1 Intra-Commonwealth trade

The lingering effects of the pandemic, protracted supply chain disruptions and escalating geopolitical tensions could slow the pace of world trade growth in the coming years. The International Monetary Fund (IMF) projects world trade in goods and services will expand by 5 per cent this year and 4.4 per cent in 2023, down 1 per cent and 0.5 per cent from their January forecasts (IMF, 2022).[11] To maintain their own momentum, Commonwealth countries can leverage digital technologies, utilise trade agreements, promote services co-operation and improve connectivity to boost their trade, while the Commonwealth's youthful population offers another promising dividend for economic recovery. India is forecast to be the world's fastest growing economy in 2022 and could sustain this growth in the next decade (*The Economist*, 2022).[12]

In absolute terms, intra-Commonwealth exports are forecast to grow steadily over the next five years, surpassing US$1 trillion by 2026 and converging with the pre-pandemic estimates in 2027 (see Figure 4.1). While this growth is positive, it will be challenging to achieve the long-term vision of raising intra-Commonwealth trade to US$2 trillion by 2030. The full and effective implementation of existing and newer bilateral and regional trade deals involving Commonwealth members could potentially support greater merchandise exports. There are also untapped opportunities in the services sector, especially for DDS (see Box 2.1), while technological change means that more activities within

Figure 4.1 Intra-Commonwealth trade prospects in the short to medium term, 2022–2027



Source: Commonwealth Secretariat.
Note: The shaded area represents trade forecasts based on the IMF's projections in October 2019 (pre-pandemic) and April 2022 (in-pandemic).

11 Similarly, the World Trade Organization (WTO) has downgraded its trade forecast, with merchandise trade volumes now projected to grow 3 per cent in 2022, compared to the 4.7 per cent forecast in October 2021 (https://www.wto.org/english/news_e/pres22_e/pr902_e.htm).

12 Four pillars could support India's growth in the next decade: the forging of a single national market; an expansion of industry owing to the renewable energy shift and a move in supply chains away from China; continued pre-eminence in IT; and a high-tech welfare safety net for the hundreds of millions left behind by these transformations (*The Economist*, 2022).

industrial firms are in fact services. The rapid rebound in goods trade and the gradual revival of the tourism sector (see Box 4.1) will also require more support services, from transport and logistics to communications and finance. Framing all these commercial transactions is the Commonwealth advantage, which remains strong and resilient and could provide a post-pandemic tailwind to support recovery. Revised estimates indicate that bilateral trade costs between Commonwealth country pairs are 21 per cent lower, on average, compared with non-Commonwealth countries (Commonwealth Secretariat, 2021).

Box 4.1 The revival of the tourism sector in the Commonwealth

Following the devastating impact of COVID-19 on countries depending heavily on tourism, especially small island developing states like Antigua and Barbuda, Maldives, and Dominica,[13] this sector has started to recover – although full recovery is not likely until 2024. While, encouragingly, countries are slowly reopening their borders, the pace of recovery will depend on vaccination coverage in the destination, the ease of travelling, and quarantine requirements for tourists when they return to their place of residence (EIU, 2022). Public perception of the severity of the virus is declining, whereas restrictions are complicating travel plans (ibid.). Onerous documentation for travel, border policies and testing requirements continue to present major hurdles. The sooner countries reopen their borders, the greater their chances of capitalising on the pent-up demand for tourism from the EU, the USA and China, among others. Fiji, Maldives and Sri Lanka eased visa and entry restrictions in 2021; as a result, Maldives' tourism sector returned to 2019 levels by the second half of 2021. The focus for tourism-dependent countries in the years ahead should thus be to reopen their borders by removing restrictions, while at the same time safeguarding the health of citizens and tourists alike. To achieve this, advocacy for greater access to vaccines, a campaign to reduce vaccine hesitancy and support to address last-mile delivery challenges must continue.

Table 4.1 Travel Readiness Index for the Asia-Pacific members (0–10)

	Total score	Sub-components		
Economy		Vaccination	Ease of travel	Convenience of returning
Fiji	1.95	2.5	0.83	3.1
Sri Lanka	2.15	1.68	0.43	4.65
Malaysia	2.15	1.68	1.68	3.05
Maldives	2.2	1.68	0	5.35
Singapore	2.45	0	0.83	5.95
Australia	2.55	0.83	0.83	5.75
Bangladesh	2.85	8.33	2.08	0.7
New Zealand	2.98	0	3.75	3.65
India	3.33	4.18	1.68	4.95
Philippines	3.75	5.83	1.25	5.8
Papua New Guinea	3.78	8.33	1.68	3.85
Vanuatu	5.2	7.5	5.43	3.6
Samoa	5.25	4.18	7.5	3
Brunei Darussalam	5.63	2.5	6.68	6.1

Note: Countries sorted in the order of lower to higher score; lower scores indicate more favourable conditions for tourism recovery.
Source: Commonwealth Secretariat (data extracted from EIU 2022).

13 These countries depend heavily on tourism, with it contributing upwards of 30 per cent to GDP. In Maldives, close to 40 per cent of total government tax intake in 2018 came from tourism and the sector is acknowledged to have contributed significantly to the country's graduation from the LDC category (Commonwealth Secretariat, 2021).

4.2 Intra-Commonwealth investment

As the global economic recovery gains momentum, the outlook for FDI is generally positive. Nevertheless, the recovery from the tumultuous effects of the first year of the pandemic remains fragile. Already, the recovery in FDI inflows has been slower in developing countries, although these countries were generally less affected than their developed counterparts by falling FDI inflows at the start of the pandemic. Given the current global economic exigencies, the pace of growth in global FDI flows is expected to slow after the sharp rebound recorded in 2021 (UNCTAD, 2022).

Other risk factors currently afflicting the global economy, including ongoing supply chain disruptions, labour shortages, soaring energy prices and wider inflationary pressures, are also likely to influence investor sentiment. These factors may constrain inflows of investment to Commonwealth countries in the short-to-medium term. Amid ongoing uncertainty, many investors have continued to defer investment decisions and adopted a cautious approach to committing capital to new investment projects.

Despite these downside risks, the growth in intra-Commonwealth greenfield investment announcements in 2021 is encouraging and likely foretells a broader rebound in FDI inflows to Commonwealth countries. It is also testament to the durability of the Commonwealth advantage. Before the pandemic began, investment flows between Commonwealth countries were, on average, estimated to be 27 per cent higher than those between other country pairs (Commonwealth Secretariat, 2021). Greenfield FDI flows between Commonwealth country pairs were around 19 per cent higher overall and 37 per cent higher for African members compared with non-Commonwealth country pairs (*ibid.*).

Harnessing the Commonwealth advantage can provide further momentum to revitalising FDI inflows in the Commonwealth and complement domestic and diaspora investment. In this way, intra-Commonwealth investments are likely to play a key role in giving much-needed impetus to economic recovery efforts, while also helping to build greater resilience in Commonwealth countries post-COVID-19.

4.3 Trade multilateralism and regionalism

An inclusive and sustainable recovery in world trade, including intra-Commonwealth trade, requires a strong and effective rules-based multilateral trading system. As World Trade Organization (WTO) members prepare for their 12th Ministerial Conference (MC12) in Geneva in June 2022, they should intensify their efforts to deliver outcomes that help address some of the main challenges in the global trading landscape. Besides restoring confidence in the multilateral trading system, it will help boost post-COVID recovery and build resilience, while tackling current and future global challenges. There are several areas under negotiation with potential for deliverables at MC12.

A decision in response to the COVID-19 pandemic and future pandemics, including intellectual property issues, could help ensure the availability of affordable essential medicines and so support economic and health recovery in developing countries. To resolve the impasse regarding the request by developing countries at the WTO for a general waiver to the Agreement on Trade-Related Aspects of Intellectual Property Rights in response to COVID-19, the EU, India, South Africa and the USA developed a proposal to help identify ways of clarifying, streamlining and simplifying how governments can set aside patent rights, under certain conditions, to enable them to produce COVID-19 vaccines. If agreed by the 164 WTO members, the proposal could contribute to reducing imbalances in vaccine rollouts and help combat the spread of COVID-19 variants. It will also set a precedent to combat future global pandemics and help increase confidence in the multilateral trading system.

An agreement on fisheries subsidies would bring about comprehensive and practical disciplines prohibiting specific forms of subsidies that contribute to overcapacity and overfishing, while also eliminating those that contribute to illegal, unreported and unregulated fishing. To benefit the most disadvantaged countries and fishing communities, the agreement should seek to embody effective and appropriate special and differential treatment for developing countries and LDCs.

MC12 also presents an opportunity for WTO members to help address food insecurity, especially given the Ukraine conflict and the impact of climate change on crop harvests. This includes the ongoing agriculture negotiations (e.g., negotiations for a permanent solution to public stockholding for food security), focusing on transparency in policy responses (e.g., export restrictions on food), and keeping supply chains open and undisrupted.

The certainty and stability of the rules-based multilateral trading system is increasingly at risk from geopolitical and geo-economic rivalry, including between the USA and China, and from the Russia/Ukraine war, and due to the growing backlash against globalisation in many countries, coupled with the use of unilateral trade measures by some WTO members. MC12 provides a platform to discuss the reform and strengthening of the WTO system, to resolve the WTO Appellate Body (AB) impasse to ensure a functional dispute settlement system, and to pursue multilateral incentives to ensure resilient supply chains, especially during crisis.

With the adoption of the Doha Programme of Action for the LDCs for the Decade 2022–2031, the multilateral trading system must support efforts by these countries to fully integrate into that system and use trade to help address their developmental challenges and achieve the Sustainable Development Goals (SDGs). LDCs need continued multilateral support to help them expand their trade and promote trade-led growth and sustainable development in the context of a changing, and increasingly challenging, global trading landscape, and a world economy that is still under significant strain from the COVID-19 pandemic.

Regional co-operation continues to play a paramount role in supporting economic recovery and building resilience beyond the pandemic. As of March 2022, 354 regional trade agreements (RTAs) were notified to the WTO and negotiations are ongoing for new agreements. These agreements have responded to both the limited progress on trade liberalisation at the multilateral level, as well as the need to deepen behind-the-border trade and investment relations, such as strengthening co-operation on digital trade.

Most intra-Commonwealth trade takes place regionally and is enabled by the multiple RTAs that have a significant impact on countries' exports (Commonwealth Secretariat, 2018). Indeed, trade between Commonwealth countries has been found to be more than three times higher when they both belong to an existing trade agreement.

Commonwealth countries have pursued bilateral and regional trade deals, signing more than ten new agreements since 2018. These include the African Continental Free Trade Agreement (AfCFTA) (see Box 4.2), the Regional Comprehensive Economic

Box 4.2 The AfCFTA: A game-changer for Africa's continental and global trade

The 19 member countries of sub-Saharan Africa constitute the largest geographical grouping within the Commonwealth. The AfCFTA aspires to create a single market for goods and services, and to facilitate investment and the movement of persons to deepen economic integration in Africa. Once fully operational, the AfCFTA will economically integrate Africa's market of more than one billion consumers with a total GDP of around US$2.5 trillion. The AfCFTA creates considerable opportunities for greater trade expansion in Africa, especially in food products, basic manufactured goods and services. Most importantly, the AfCFTA is expected to benefit small and medium-sized enterprises (SMEs), which are responsible for more than 80 per cent of Africa's employment and 50 per cent of its GDP and contribute to advancing women's economic empowerment.

Trading under the AfCFTA started on 1 January 2021. However, there are several outstanding issues to be finalised before a complete tariff book on customs duties and procedures and rules of origin is made available. For rules of origin, there is convergence on 87.7 per cent of tariff lines. The outstanding items include textiles and clothing, automotives, sugar and edible oils. Phase 2 negotiations are underway covering protocols on competition, intellectual property and investment, to be followed by negotiations on e-commerce.

However, tariffs are not the biggest hindrance to intra-African trade and improvements in trade facilitation and logistics, and the elimination of other non-tariff barriers is likely to be of even greater importance in boosting trade further. It is also necessary to focus on building productive capacity, including regional value chains, and investing in infrastructure to connect, power and digitalise the world's second-largest continent.

The recent launch of the Pan-African Payments and Settlement System will enable trading in local currencies, rather than involving a third-country vehicle currency, such as the US dollar or euro, which raises the cost of trading. An AfCFTA Adjustment Fund has been created for countries to access financial and technical resources to implement the agreement and mitigate the short-term adjustment costs.

Moreover, the LDCs are granted longer implementation periods and greater exemptions for sensitive products to accommodate their development interests.

The African Union's Action Plan for Boosting Intra-Africa Trade (BIAT) is complementary to the AfCFTA and focuses on seven thematic areas: trade policy reform, trade facilitation, productive capacity, trade-related infrastructure, trade finance, trade information and factor market integration. The BIAT, together with cross-border infrastructure projects and transport corridors, should help tackle many of the bottlenecks constraining intra-African trade.

Source: Commonwealth Secretariat, using various sources.

Partnership Agreement (RCEP) in Asia-Pacific and several roll-over economic partnership agreements, as well as new agreements signed by the UK as part of its post-Brexit trade strategy, including with Australia and New Zealand. India also signed two historic agreements, namely the Australia-India Economic Co-operation and Trade Agreement (AI-CECA) and the Comprehensive Economic Co-operation and Partnership Agreement (CECPA) with Mauritius.

Added to this, new generation RTAs, notably those covering provisions or standalone agreements on digital trade, also involve some Commonwealth members. These include the Digital Economy Partnership Agreement, including New Zealand and Singapore, the UK-Singapore Digital Economy Agreement (DEA) and the Australia-Singapore DEA.

5. Way forward

As the pandemic reaches its final stages in many parts of the world, attention is increasingly focused on charting a path towards inclusive and sustainable economic recovery. The Commonwealth's diverse members will face varied opportunities and challenges for economic and trade recovery depending on the structure of their economies, the composition of their exports, and their inherent features and vulnerabilities, from small states to LDCs. Trade is the economic lifeblood of the Commonwealth, and revitalising and expanding these flows of goods, services and people are indispensable for economic recovery and achieving the SDGs. We propose several inter-related policy areas as possible pathways towards recovery in Commonwealth trade (Table A2). In summary:

- Global economic prospects over the next few years will determine trade recovery, although strengthened multilateral and regional co-operation will enable and enhance Commonwealth countries' participation in world trade, especially for developing countries, LDCs and those graduating from this income category.
- Commonwealth countries' existing and newer trade agreements offer untapped opportunities to expand trade and investment and deepen economic co-operation, including in services, digital trade and financial technology.
- Tourism-dependent countries need to implement recovery plans that address demand and supply factors, support domestic and regional travel, and make the industry more resilient, including by adopting digital technologies.
- Commonwealth countries can harness digital technologies – with emphasis on building the necessary digital capabilities – to boost their trade (especially in terms of e-commerce and DDS), improve competitiveness, adopt smarter paperless trade, and promote more sustainable and circular trade, especially for agriculture and fisheries.
- Commonwealth traders and investors can proactively utilise the Commonwealth network and initiatives, such as the Business Forum at the CHOGM in Kigali, Rwanda, in June 2022 and business platforms at the Commonwealth Games in Birmingham, UK, in July 2022, to enable regular interaction, information sharing and identification of commercial opportunities.
- Recovery efforts should be framed overall by the importance of ensuring inclusive trade for women and youth and especially promoting women's economic empowerment.

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7. Appendices

Table A1 Key statistics on Commonwealth gross domestic product (GDP), trade and investment, 2019–2021 (US$ billion)

				Global trade and investment									Intra-Commonwealth					
	GDP			Exports (G+S)			Digital services		FDI instock		FDI inflows		Exports (G+S)			Greenfield FDI inflows		
ECONOMY	**2019**	**2020**	**2021**	**2019**	**2020**	**2021**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2021**	**2019**	**2020**	**2021**
Commonwealth	**11,927**	**11,359**	**13,153**	**4,059**	**3,589**	**4,356**	**699**	**686**	**7,518**	**8,015**	**371**	**249**	**712**	**620**	**768**	**56**	**22**	**30**
of which																		
Developed	**6,262**	**6,012**	**7,104**	**2,077**	**1,880**	**2,119**	**391**	**385**	**4,583**	**4,910**	**166.8**	**68.2**	**230**	**204**	**229**	**42.7**	**8.7**	**15.5**
Australia	1,386.6	1,357	1,633	275	245	287	18	16	731	791	39	20	60	52	59	36.62	3.71	4.20
Canada	1,742.0	1,645	1,991	567	504	597	59	61	1,063	1,100	48	24	40	36	42	1.87	2.75	2.78
Cyprus[b]	25.8	25	28	28	25	30	7	9	451	481	26	–4	6	6	7	0.01	0.06	0.03
Malta[b]	15.7	15	17	36	31	39	8	8	211	241	4	4	6	6	7	0.10	0.00	0.04
New Zealand	211.0	211	248	57	48	55	4	4	81	91	4	4	18	15	16	1.05	0.89	0.94
United Kingdom	2,880.4	2,759	3,188	1,115	1,027	1,110	295	287	2,045	2,206	45	20	99	91	98	3.03	1.31	7.49
Developing	**5,665**	**5,347**	**6,048**	**1,982**	**1,709**	**2,237**	**308**	**301**	**2,935**	**3,105**	**204**	**181**	**482**	**415**	**539**	**14**	**13**	**15**
by region																		
Africa	**1,261**	**1,181**	**1,320**	**301.7**	**253.8**	**332.3**	**16.0**	**6.0**	**424.5**	**425.1**	**20.8**	**14.1**	**96.9**	**81.6**	**107.7**	**5.2**	**6.3**	**8.6**
Botswana[b]	16.7	14.9	17.8	7.2	6.0	7.6	0.2		5.5	5.5	0.1	0.1	2.6	2.3	2.8	0.0	0.1	0.3
Cameroon	39.7	40.9	45.0	8.1	7.9	8.0	0.7		8.5	9.0	1.0	0.5	1.3	1.2	1.2	0.0	0.0	0.0
Eswatini[b]	4.5	4.0	4.7	1.8	1.5	1.9	0.0	0.0	1.0	0.9	0.1	0.0	1.5	1.3	1.7		0.0	0.2
The Gambia[bc]	1.8	1.8	2.0	1.6	1.6	1.8			0.5	0.5	0.0	0.0	0.4	0.4	0.4			
Ghana	68.4	68.5	76.4	24.3	24.2	28.6	6.7		40.0	41.9	3.9	1.9	6.7	6.7	7.9	0.6	0.3	0.5

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	GDP			Exports (G+S)			Digital services		FDI instock		FDI inflows		Exports (G+S)			Greenfield FDI inflows		
ECONOMY	**2019**	**2020**	**2021**	**2019**	**2020**	**2021**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2021**	**2019**	**2020**	**2021**
Kenya	100.5	101.3	109.8	24.4	22.1	28.7	1.4		9.3	10.0	1.1	0.7	8.9	8.2	10.7	1.1	0.3	0.2
Lesotho[bc]	2.3	2.1	2.5	1.7	1.3	1.6	0.0	0.0	0.8	0.9	0.1	0.1	0.7	0.5	0.7	0.3	0.0	
Malawi[c]	11.0	11.8	12.2	1.7	1.6	2.0	0.1		1.6	1.6	0.8	0.1	0.5	0.5	0.6	0.1	0.0	
Mauritius[ab]	14.0	10.9	11.1	8.3	5.2	5.9	0.7	0.7	5.9	5.7	0.5	0.2	2.4	1.5	1.7	0.1		0.0
Mozambique[c]	15.4	14.0	16.1	13.5	11.7	18.0	0.1	0.1	42.9	45.4	2.2	2.3	5.0	4.3	6.7	0.0	0.2	2.3
Namibia[b]	12.5	10.6	12.3	5.9	4.6	5.7	0.0	0.0	6.8	6.1	–0.2	–0.1	2.3	1.8	2.2	0.1	0.0	0.2
Nigeria	448.1	429.4	441.5	53.1	47.9	65.1	1.1	1.2	99.7	102.1	2.3	2.4	17.4	15.8	21.5	2.1	3.3	1.1
Rwanda[c]	10.4	10.3	11.1	2.6	2.2	2.9	0.0	0.0	2.5	2.6	0.4	0.1	0.5	0.4	0.5	0.1		0.1
Seychelles[ab]	1.7	1.2	1.5	2.2	1.7	1.6	0.4	0.3	3.2	3.3	0.1	0.1	0.6	0.4	0.4	0.0		0.1
Sierra Leone[c]	4.1	4.1	4.2	1.6	1.3	2.0	0.0		2.1	2.4	0.4	0.3	0.1	0.1	0.2			0.0
South Africa	387.8	335.3	418.0	112.5	87.3	115.0	3.8	3.3	145.2	136.7	5.1	3.1	38.4	30.1	39.8	0.3	1.4	1.8
Tanzania[c]	60.8	64.4	70.3	17.0	14.0	21.1	0.3		15.5	16.6	1.0	1.0	4.1	3.4	5.1	0.0	0.1	0.8
Uganda[c]	38.1	37.4	42.5	6.8	6.2	8.3	0.3	0.2	14.3	14.5	1.3	0.8	1.4	1.3	1.7	0.1	0.3	0.0
Zambia[c]	23.3	18.1	20.8	7.3	5.6	6.7	0.1	0.1	19.1	19.4	0.5	0.2	2.1	1.6	1.9	0.2	0.2	0.8
Asia	**4,297**	**4,069**	**4,624**	**1,626**	**1,419**	**1,856**	**290**	**294**	**2,424**	**2,591**	**180**	**164**	**373**	**325**	**419**	**8**	**7**	**6**
Bangladesh[c]	303	323	357	64.3	56.4	84.0	1.6	1.4	17.8	19.4	2.9	2.6	12.9	11.3	16.7	1.5	0.2	0.3
Brunei Darussalam[bc]	13	12	20	5.2	4.3	5.8	0.0	0.0	7.1	7.6	0.3	0.6	2.1	1.7	2.4	0.0	0.0	
India	2,832	2,668	3,042	667.6	556.7	783.3	147.9	154.8	426.9	480.3	50.6	64.1	139.8	117.5	163.5	2.7	1.2	2.6
Malaysia	365	337	373	261.4	221.5	287.8	11.3	10.9	168.1	174.1	7.8	3.5	73.6	60.4	77.2	1.9	4.0	0.4

Table A1 Key statistics on Commonwealth gross domestic product (GDP), trade and investment, 2019–2021 (US$ billion)

				Global trade and investment									Intra-Commonwealth					
	GDP			Exports (G+S)			Digital services		FDI instock		FDI inflows		Exports (G+S)			Greenfield FDI inflows		
ECONOMY	**2019**	**2020**	**2021**	**2019**	**2020**	**2021**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2021**	**2019**	**2020**	**2021**
Maldives[ab]	6	4	5	2.3	1.4	2.4	0.1	0.0	5.2	5.6	1.0	0.3	0.3	0.2	0.4	0.0	0.0	
Pakistan	318	299	348	58.0	53.2	78.3	3.0	3.2	34.8	35.7	2.2	2.1	10.7	9.9	14.6	0.3	0.0	0.1
Singapore	375	345	397	540	507	592	125	122	1,751	1,855	114	91	127	119	138	1.4	0.9	2.3
Sri Lanka	84	81	82	26.5	18.5	23.1	1.4	1.1	13.1	12.8	0.8	0.4	6.6	4.6	5.7	0.3	0.7	0.1
Caribbean SIDS	**73**	**63**	**69**	**42.5**	**27.5**	**39.4**	**1.3**	**1.2**	**74**	**78**	**4.0**	**3.3**	**8.4**	**6.1**	**9.3**	**0.3**	**0.0**	**0.3**
Antigua and Barbuda[ab]	1.7	1.4	1.5	1.2	0.9	1.4	0.10	0.08	1.11	1.13	0.14	0.02	0.33	0.24	0.39	0.06		
The Bahamas[ab]	13.2	9.9	11.1	15.1	6.7	10.4	0.21	0.21	25.18	26.07	0.61	0.90	0.99	0.51	0.76			0.03
Barbados[ab]	5.3	4.7	4.9	1.3	1.4	2.1			7.84	8.10	0.22	0.26	0.68	0.73	1.11			0.00
Belize[ab]	1.9	1.6	1.8	1.7	1.4	1.7	0.08	0.10	2.33	2.41	0.09	0.08	0.71	0.60	0.75			
Dominica[ab]	0.6	0.5	0.6	0.6	0.3	0.8	0.03	0.03	0.32	0.35	0.03	0.03	0.48	0.21	0.62	0.14		
Grenada[ab]	1.2	1.0	1.1	0.5	0.3	0.4	0.04	0.03	1.26	1.40	0.13	0.15	0.22	0.13	0.16	0.09		0.00
Guyana[ab]	5.2	5.5	7.6	3.1	2.6	5.4	0.20		6.11	7.95	1.70	1.83	1.29	1.11	2.33		0.00	0.14
Jamaica[ab]	15.8	14.0	15.1	9.7	6.5	7.5	0.37	0.44	17.23	17.54	0.67	0.37	2.07	1.37	1.57	0.00		0.03
St Kitts and Nevis[ab]	1.2	1.0	1.0	0.4	0.3	0.3	0.04	0.04	1.78	1.82	0.09	0.05	0.09	0.07	0.08			
St Lucia[ab]	2.1	1.6	1.8	2.0	1.2	1.8	0.04	0.03	1.10	1.11	0.03	0.01	0.50	0.31	0.44	0.02	0.00	
St Vincent* [ab]	0.9	0.9	0.9	0.3	0.3	0.5	0.03	0.03	1.50	1.57	0.11	0.07	0.08	0.06	0.12			
Trinidad and Tobago[ab]	23.9	21.4	21.4	6.6	5.5	7.0	0.19	0.18	8.46	8.06	0.18	−0.44	0.98	0.79	0.99	0.00		0.14

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				Global trade and investment									Intra-Commonwealth					
	GDP			Exports (G+S)			Digital services		FDI instock		FDI inflows		Exports (G+S)			Greenfield FDI inflows		
ECONOMY	**2019**	**2020**	**2021**	**2019**	**2020**	**2021**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2021**	**2019**	**2020**	**2021**
Pacific SIDS	**34.5**	**33.4**	**35.8**	**11.8**	**8.4**	**9.1**	**0.4**	**0.2**	**12**	**12**	**0.5**	**–0.7**	**4.4**	**3.0**	**3.4**			**0.05**
Fiji[ab]	5.5	4.6	4.7	4.1	1.9	2.3	0.05	0.03	5.21	5.73	0.32	0.24	1.62	0.78	0.93			
Kiribati[abc]	0.2	0.2	0.2	0.1	0.2	0.1	0.00		0.01	0.01	–0.00	– 0.00	0.04	0.06	0.06			
Nauru[ab]	0.1	0.1	0.1	0.1	0.1	0.1							0.01	0.01	0.02			
Papua New Guinea[ab]	24.8	24.7	26.9	5.1	4.2	4.7	0.26	0.15	4.84	3.91	–0.90	–0.94	2.08	1.68	1.92			0.05
Samoa[ab]	0.9	0.8	0.8	0.7	0.9	0.5	0.04		0.14	0.14	–0.00	–0.00	0.19	0.18	0.11			
Solomon Islands[abc]	1.6	1.5	1.6	0.6	0.4	0.5	0.02	0.02	0.60	0.60	0.03	0.01	0.09	0.06	0.07			
Tonga[ab]	0.5	0.5	0.5	0.3	0.3	0.3	0.01	0.01	0.47	0.46	0.01	–0.00	0.11	0.09	0.10			
Tuvalu[abc]	0.1	0.1	0.1	0.1	0.1	0.2	0.00		0.01	0.01	0.00	0.00	0.09	0.08	0.19			
Vanuatu[abc]	0.9	1.0	1.0	0.6	0.4	0.3	0.01		0.64	0.72	0.04	0.03	0.15	0.08	0.05			
Vulnerable groups																		
Small States (30)	222	198	226	154	120	152	3.2	2.5	120	123	5.4	4.0	38	31	39	0.9	0.3	1.3
SIDS (24)	129	113	122	67	44	58	2.9	2.4	1,163	1,204	52.9	27.2	16	11	15	0.4	0.005	0.5
LDCs (13)	472	490	542	120	103	149	2.6	1.9	118	125	9.7	7.7	28	24	35	2.3	1.1	4.4

Note: a represents 24 Commonwealth Small Island Developing States (SIDSs) and excludes Singapore; b represents 30 Commonwealth small developing states; c represents 13 Least Developed Countries (LDCs). Digital services indicate digitally deliverable services.
Source: Commonwealth Secretariat (calculated using UNCTADstat and OECD-WTO BaTIS datasets, and fDi Markets data, from the Financial Times Ltd 2022))

Table A2 Policy areas for revitalising Commonwealth trade

Policy area	Actions
Strengthen and reform the multilateral trading system	• Improve monitoring of trade responses to current crises, and strengthen disciplines on export restrictions • Achieve a multilateral outcome at WTO MC12 on fisheries subsidies and advance multilateral co-operation on public stockholding and e-commerce • Resolve the WTO AB impasse to ensure a functional dispute settlement system • Pursue multilateral initiatives and adopt concrete measures for mutual supportiveness between trade and environment, especially for plastics
Boost bilateral and regional trade	• Implement existing and more recent trade agreements like the AfCFTA, Comprehensive and Progressive Agreement for Trans-Pacific Partnership, RCEP, UK FTAs, AI-CECA and CECPA, including by adopting a whole-of-government approach and improving awareness of domestic stakeholders, especially micro, small and medium-sized enterprises (MSMEs) • Examine scope for rationalising tariffs and rules of origin and facilitating trade, especially for medical equipment, food products and other essential goods • Enhance co-operation on non-tariff measures • Improve trade-enabling cross-border transport infrastructure • Develop regional value chains in goods and services • Strengthen provisions in RTAs to enable co-operation in future crises
Harness Commonwealth opportunities	• Use Commonwealth initiatives (e.g., Connectivity Agenda) and Commonwealth business platforms (e.g., CHOGM Business Forum, Intra-Commonwealth SME Association) to enhance trade and investment • Develop new and deeper forms of economic co-operation across the Commonwealth (e.g., new bilateral FTAs, digital trade agreements) • Develop further co-operation in services trade, including FinTech
Revive the tourism and travel sector	• Invest in critical infrastructure along the tourism value chain, and upgrade capacity and skills to embrace digital technologies • Revitalise demand through domestic “staycations” and intra-regional tourism, travel corridors and “digital nomad” offerings • Target Aid for Trade (AfT) to promote and attract sustainable investment in tourism and integrate conservation, ecology, creative industries and cultural heritage offerings
Enhance support measures for LDCs and graduates	• Leverage AfT and other partnerships to develop productive and trading capacity, and address supply-side constraints • Use favourable tariff preferences and rules of origin for exports to developed economies and some developing country markets • Use the WTO services waiver to participate in global value chains and diversify services exports • Enhance debt sustainability and improve access to finance • Implement the Doha Programme of Action for the LDCs for the Decade 2022–2031, with special emphasis on the actions supporting structural transformation and enhancing LDCs’ international trade and regional integration • Advocate for a smooth transition for graduating LDCs

Table A2 Policy areas for revitalising Commonwealth trade

Policy area	Actions
Harness digital technologies for trade, development and competitiveness	*A: Capacity building* • Improve digital infrastructure to broaden access and usage of ICTs and the internet • Invest in digital capabilities and workforce training in digital skills • Develop capabilities to harness Industry 4.0 for inclusive and sustainable development, including by aligning science, technology, innovation and industrial policies, supporting technological development, upgrading and adaptation, and promoting knowledge and technology transfer *B: Regulatory framework* • Develop effective frameworks for governing digital trade, including data protection and privacy, data processing, cybersecurity, e-transactions and digital signatures, and consumer protection *C: Aid for Digital Trade* • Develop a new and additionally funded Aid for Digital Trade initiative, focused initially on supporting infrastructure, digital skills, e-government and financial inclusion in developing countries and LDCs • Digitalise trade facilitation by adopting paperless trade solutions and make permanent any temporary digital trade facilitating measures introduced during the pandemic *D: Partnerships* • Build partnerships with the private sector and start-ups to accelerate FinTech, including using innovation hubs and regulatory sandboxes • Implement the Commonwealth Connectivity Agenda Action Plan
Promote sustainable trade and the circular economy	• Develop multistakeholder partnerships and advocate for sustainability and circular economy principles to underpin the recovery • Harness digital technologies to create green jobs and enable sustainable production/consumption (e.g., agriculture, ocean) and resilient supply chains

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