

Brief: Enhancing Export Performance of Commonwealth States

Table of Contents

| | |
|---|----|
| Introduction | 2 |
| Scope for Commonwealth Economic Cooperation..... | 2 |
| Diversity within the Commonwealth | 3 |
| Economic Performance | 4 |
| Foreign Direct Investment Performance | 4 |
| Global Financial Crisis and Recovery..... | 5 |
| Export Performance | 8 |
| Merchandise Goods | 8 |
| Direction of Exports | 9 |
| Composition of Exports..... | 10 |
| Intra-Trade among the Member States | 12 |
| Product and Market Diversification | 15 |
| Trade in Services | 16 |
| Market Access and Trade Agreements | 21 |
| Trade Agreements within the Commonwealth | 24 |
| Intra- and Extra-Commonwealth Tariffs | 27 |
| Conclusions | 28 |
| Annex I. Commonwealth Member States..... | 30 |
| Annex II. Development and Business Climate Indicators | 33 |
| Annex III. Economic Indicators..... | 36 |
| Annex V. Exported Product and Market Diversification | 39 |
| Annex VI. Tariff faced by Commonwealth States (%) | 41 |
| Annex VII. Tariff Escalation by Processing Stage (%) | 44 |
| Acronyms | 47 |

Introduction

This brief is an update of a study which was initially released in 2011 by the International Trade Centre (ITC). The studied time frame covered the period of the economic crisis in 2008/2009 but not the recovery thereafter. With trade data available now until 2011, we have been able to add new export performance facts that show how the Commonwealth has emerged from the period of economic turmoil. In addition, data on trade agreements and tariffs have been updated for 2012.

The brief takes stock of the present export performance of the members, recognising their differences in terms of levels of development and the prevailing business climate. Commonwealth countries have also evidenced major differences in their economic and export performances in the context of the global financial crisis and during the subsequent recovery.

The brief analyses the wide range of trade agreements which Commonwealth members have engaged in. Based on an assessment of the market access conditions which prevail, the brief seeks to identify opportunities to engage in intra-Commonwealth agreements to enhance cooperation and trade amongst members.

Enhancing trade within the Commonwealth through improving market access would connect countries and citizens and therewith would provide a major impetus for the organisation. The Commonwealth Secretariat (ComSec) could be the key institution to prepare any possible agreement for facilitating market access. The Secretariat would also be tasked to ensure that any signed agreement conforms to other international obligations and commitments of the individual countries of the Commonwealth.

Scope for Commonwealth Economic Cooperation

Conventional thinking among trade policy experts and policy makers suggests that a free trade area of the Commonwealth would be an utter impossibility for legal and political reasons. This brief accepts the standard arguments which are put forward to explain such a position, although not without some critical remarks. From these remarks it seeks to identify some options which may be assessed further with regard to their feasibility.

From a legal point of view, it is frequently observed that several of the developed Commonwealth countries have entered into deep regional integration, most notably the United Kingdom (UK) as a member of the European Union (EU). Any member of the EU has taken on obligations in accordance with the “Acquis Communautaire”. One particularly important aspect is that the EU represents the UK and its other members on issues of international trade at the multilateral level, because international trade is the competence of the EU, not of the individual member state. Therefore it is often argued that the UK cannot enter into any kind of trade agreement. This is not entirely correct. While trade is the competence of the EU, economic cooperation remains within the competence and responsibility of the individual member states. Hence, there is ample scope for the UK and other EU members to enter into specific international economic cooperation agreements, provided that these are fully compatible with the other international obligations of the UK.

From a political perspective, it is often argued that any agreement between different countries at different stages of development and with different standards in terms of public policy formulation

and political and administrative governance is not feasible. Although there is ample evidence of difficulties in the political and economic relations between diverse and divergent countries, the specific advantage of the Commonwealth is precisely that its members have an underlying homogeneity. This is most directly reflected through the use of the same language – English – and similarity in administrative and judicial systems.

In summary, it should be emphasised that this brief is not advocating any FTA for the Commonwealth. It sets a much more modest target of identifying options for ‘partial scope agreements’ which would enhance and facilitate economic cooperation between some (or all) of the member countries of the Commonwealth. Such partial scope agreement may even be bilateral or trilateral, involving merely two or three countries. They could also be partial in the sense that they would deal with trade facilitation issues in the broad sense, not with trade in the narrow sense.

The scope and desirability of economic cooperation agreements and programmes keeps being brought to the fore by the ComSec. A background paper of the 2011 meeting of Commonwealth Senior Finance Official concluded:¹

Regional collaboration also provides opportunities to strengthen economic, trade and investment links and it can be more cost effective than administering cooperation programmes on other continents. [...] The Commonwealth Secretariat provides a forum for both intra-regional and inter-regional cooperation of its member states.

The potential for strengthening economic cooperation has been pursued in certain elements of the Commonwealth work program, e.g. the ComSec / Asian Development Bank Pacific Plan.²

Diversity within the Commonwealth

Commonwealth states, consisting of 54 countries ranging from Organization for Economic Co-operation and Development (OECD) countries, emerging and developing countries to Least Developed Countries (LDCs), exhibit a wide diversity of development levels and business climates. The overview of development and business indicators (Table 1) shows the overall status of the Commonwealth member states as a group and of its subgroups, namely developed countries (4 member states), 16 member states which belong to the United Nations’ LDC group and a further 34 member states which are ‘other’ developing countries (DCs).³ For instance, United Nations Development Programme’s (UNDP) Human Development Index (HDI) shows a large variation ranging from an average score of 0.90 for four developed countries to 0.49 for 16 LDCs (on a scale from 0 to 1). At the individual country level, Australia, one of the four developed countries, ranks second in terms of the HDI while Mozambique, one of the LDC member states, ranks 184th out of 187 countries. Similar diverging patterns are observed in other indicators across the subgroups, such as the World Economic Forum’s (WEF) Competitiveness Index, World Bank’s Doing Business as well as the Logistics Index. As may be expected, the LDC group performs poorly in the area of trade facilitation factors such as trading across borders and logistics, which are highly correlated to export

¹ Johnson. 2011. *Strengthening South-South Cooperation within the Commonwealth*.

² Further work is envisaged drawing from the Association of Southeast Asian Nations (ASEAN) economic cooperation model.

³ Please refer to Annex I for a list of countries belonging to each subgroup.

performance. This would underscore the focus on economic cooperation in trade facilitation programmes.

Table 1. Overview of Commonwealth Development and Business Climate Indicators in 2011

| Groups (no. of countries) | Human Development Index (HDI) | | Global Competitiveness Index (GCI) | | Doing Business | | | | Logistics Performance Index (LPI) | |
|-------------------------------|-------------------------------|--------------|------------------------------------|--------------|----------------|------------------------|-----------------------|-------------------------------------|-----------------------------------|--------------|
| | Rank (/187) | Score (/1.0) | Rank (/142) | Score (/7.0) | Rank (/183) | Trading Across Borders | | | Rank (/155) | Score (/5.0) |
| | | | | | | Rank (/183) | Time to export (days) | Cost to export (US\$ per container) | | |
| Overall (54) | 102 | 0.64 | 79 | 4.11 | 82 | 91 | 20 | 1,274 | 91 | 2.75 |
| Developed (4) | 10 | 0.90 | 17 | 5.19 | 10 | 28 | 11 | 1,077 | 15 | 3.83 |
| DCs (34) | 91 | 0.68 | 77 | 4.11 | 79 | 83 | 18 | 1,142 | 92 | 2.72 |
| LDCs (16) | 150 | 0.49 | 113 | 3.63 | 108 | 124 | 27 | 1,608 | 119 | 2.39 |
| <i>For reference:</i> | | | | | | | | | | |
| UN defined small islands (25) | 87 | 0.70 | 74 | 4.20 | 74 | 75 | 17 | 1,082 | 104 | 2.64 |

Source: UNDP's Human Development Index, World Economic Forum's Global Competitiveness Index, World Bank's Doing Business and Logistics Performance Index (2011). Note: figures in the table are simple averages. Indicators are missing for some countries: HDI (1 DC and 1 LDC), GCI (12 DCs and 7 LDCs), DB (3 DCs, 1 LDC), and LPI (14 DCs, 6 LDCs). Countries are grouped according to the World Bank's classification. Developed countries are high-income OECD countries, plus Monaco. Figures for individual countries are presented in Annex II.

Economic Performance

As with development and business climate indicators, a wide disparity is also observed among the member states concerning their key economic indicators. The overall economic growth for 54 member states as a group was 2.2% p.a. between 2006 and 2010. The Commonwealth LDCs attained the highest economic performance with 6.4% p.a. between 2006 and 2010, followed by the DC group with 6.0% during the same period. Countries benefiting from the most dynamic growth rates belong to these two groups; India, Malawi, Rwanda, and Uganda, with more than 7.0% growth p.a. between 2006 and 2010 grew faster than any other member.

The total exports of the 54 member states amounted to US\$ 2,089 billion in 2010 with a positive growth of 4.6% p.a. 2006-2010. While Commonwealth developed countries experienced a trade deficit of US\$ 128 billion, developing countries had a small surplus of US\$ 39 billion. As a group, about 75% of total exports (goods and services) consisted of merchandise exports.

Foreign Direct Investment Performance

The inward FDI stock (in nominal terms and in terms of growth) of an economy gives a good indication of the strength of the economic foundation and how the particular country is perceived by major international investors. The DC and LDC groups experienced two digit annual growth rates (12.2% and 12.8%, respectively) between 2006 and 2010. Among the 54 member states, the Solomon Islands had the fastest growing FDI stock with a growth rate of 44% p.a. between 2006 and 2010, followed by Rwanda (43%), Samoa (35%), and Kiribati (35%).

Table 2. Overview of Economic Indicators in 2010

| | GDP | | | Exports | | | | | FDI | |
|--------------------------|-----------------|----------------|----------------|------------------------|------------------------|---------------------------|--------------------------|-------------------------------------|----------------------|-----------------|
| | GDP (US\$ bil.) | GDP growth (%) | GDP per capita | 2010 value (US\$ bil.) | 2011 value (US\$ bil.) | Trade balance (US\$ bil.) | Goods export per GDP (%) | Goods exports per total exports (%) | In-stock (US\$ bil.) | Growth rate (%) |
| Overall | 5,142 | 2.2 | 5,501 | 2,089 | 2,429 | -105 | 25.0 | 74.5 | 3,352 | 6.9 |
| Developed | 3,180 | 0.2 | 26,286 | 1,030 | 1,219 | -128 | 20.7 | 73.2 | 2,184 | 4.5 |
| DCs | 1,819 | 6.0 | 5,850 | 1,021 | 1,162 | 39 | 32.0 | 75.6 | 1,129 | 12.2 |
| LDCs | 143 | 6.4 | 928 | 37 | 48 | -16 | 19.9 | 80.7 | 40 | 12.8 |
| <i>For reference:</i> | | | | | | | | | | |
| UN defined small islands | 219 | 4.3 | 6,240 | 385 | 442 | 35 | 131.9 | 75.0 | 532 | 6.6 |

Source: World Bank's World Development Indicators, TradeMap, Balance of Payments (BoP), Investment Map. Note: GDP and GDP per capita are expressed in constant US\$ of 2000. Growth rates refer to the annual growth rates between 2006 and 2010. Figures for individual countries are presented in Annex III.

Global Financial Crisis and Recovery

The impact of the 2007-2008 financial crisis on world trade was tremendous; the shock of the crisis did not lock up only in rich countries, but had adverse effects also on DCs. It is worth considering the Commonwealth member states' export performance during the economic crisis and the recovery thereafter. As Table 3 indicates, with regard to the overall export performance, the Commonwealth states as a group experienced a decline by as much as 22% between 2008 and 2009, and an increase of 14% during the period starting from 2008 until 2011.

In absolute terms, the Commonwealth developed country group's decline was largest with US\$ 288 billion, followed by the Commonwealth DC group with US\$ 191 billion and the Commonwealth LDC group with US\$ 3.4 billion during the period observed. Among the three groups, developed countries experienced the sharpest decline of 25%. Although the Commonwealth DC and LDC groups registered a significant decline in exports (19% for 34 DCs and 6% for 16 LDCs), it was at a much slower pace than the overall member states (-22%). On the contrary, the LDC and DC groups had the highest increase of exports between 2008 and 2011, respectively 48% and 19%. This reflects the fact that DCs bounced back faster than the developed countries' group and confirms the global trend of shifting weights away from stagnating developed and towards dynamic emerging economies.

Even when excluding petroleum and minerals (HS 27), it is apparent that the Commonwealth's exports still declined significantly, the difference is merely 4 percentage points. The decline is less than described above – most prominently, in the Commonwealth developing country group the decline is 14% without oil as opposed to 20% with oil. Among the LDCs, there is no significant exporter of oil, implying no dramatic change between all exports and non-oil exports. Nonetheless, when analysing the change between 2008 and 2011, it seems that developed countries faced a slightly higher recovery. This is not the case of the DCs, for which oil exclusion does not affect significantly their export growth.

Table 3. Export Performance during the Crisis and the Recovery (2008-2011)

| | All products | | | All products excluding oil | | |
|----------------------------|-----------------------------|----------------------|----------------------|-----------------------------|----------------------|----------------------|
| | 2008 exports (US\$ billion) | Change 2008-2009 (%) | Change 2008-2011 (%) | 2008 exports (US\$ billion) | Change 2008-2009 (%) | Change 2008-2011 (%) |
| World | 16,077 | -22.9 | 9.3 | 13,207 | -19.7 | 11.2 |
| Developed countries | 9,050 | -22.6 | 4.7 | 8,225 | -21.2 | 4.3 |
| Developing countries | 6,890 | -22.9 | 17.5 | 4,953 | -17.2 | 23.1 |
| Commonwealth States | 2,141 | -22.4 | 13.5 | 1,643 | -18.3 | 14.1 |
| Developed | 1,131 | -25.3 | 7.8 | 880 | -22.0 | 9.3 |
| DCs | 977 | -19.7 | 18.9 | 732 | -14.3 | 18.5 |
| LDCs | 32 | -6.0 | 48.1 | 32 | -6.3 | 46.9 |
| <i>For reference:</i> | | | | | | |
| UN defined small islands | 373 | -21.6 | 18.4 | 295 | -17.6 | 18.9 |

Source: TradeMap.

While the decline in exports at the aggregated group level is significant, at the country level, more serious shocks to exports become visible. Canada experienced the most significant decline, followed by the UK and Singapore in absolute terms among the 54 members. As compared to the average of the developed countries' group in Table 3, Canada experienced a larger decline in its export performance between 2008 and 2009, and did not reach the average increase of its reference group during the period of economic upturn.

By contrast, other countries were less affected by the crisis and have greatly benefited from the recovery, notably in the LDC group. For instance, Bangladesh did not experience an export slowdown between 2008 and 2009. In addition, its growth from 2008 to 2011 has been larger than its country group's growth. The same holds for Zambia and Tanzania.

Table 4. Export Declines and Rises of Selected Countries within each Group (2008-2011)

| Selected countries | All products | | | All products excluding oil | | |
|---------------------------------|-----------------------------|----------------------|----------------------|-----------------------------|----------------------|----------------------|
| | 2008 exports (US\$ million) | Change 2008-2009 (%) | Change 2008-2011 (%) | 2008 exports (US\$ million) | Change 2008-2009 (%) | Change 2008-2011 (%) |
| Developed country group | | | | | | |
| Canada | 455,632 | -30.8 | -1.2 | 329,773 | -26.3 | 1.4 |
| UK | 457,743 | -23.3 | 3.1 | 395,025 | -21.2 | 3.0 |
| Australia | 186,853 | -17.7 | 43.6 | 126,985 | -14.6 | 52.6 |
| Developing country group | | | | | | |
| Singapore | 338,176 | -20.2 | 21.1 | 275,689 | -17.0 | 19.2 |
| Malaysia | 198,703 | -20.9 | 14.2 | 162,223 | -17.4 | 15.1 |
| India | 181,861 | -2.8 | 23.9 | 148,993 | 2.5 | 22.7 |
| LDC group | | | | | | |
| Bangladesh | 16,252 | 1.2 | 50.0 | 16,092 | 1.3 | 51.1 |
| Zambia | 5,099 | -15.4 | 75.6 | 5,063 | -15.6 | 76.1 |
| Tanzania | 3,121 | -4.4 | 51.7 | 3,051 | -3.0 | 54.0 |
| UN defined small islands | | | | | | |
| Trinidad and Tobago | 18,650 | -51.1 | -18.2 | 5,596 | -60.9 | 23.1 |
| Papua New Guinea | 6,035 | -15.8 | 33.7 | 4,560 | -8.5 | 43.1 |
| Mauritius | 2,402 | -26.5 | -6.1 | 2,401 | -26.5 | -6.2 |

Source: TradeMap. Note: countries selected on the basis of largest absolute change between 2009 and 2011.

The top 5 product groups (excluding HS 27) are presented according to the importance of Commonwealth States' exports, accounting together for more than one third of total exports in 2011. The most adversely affected product group in absolute terms is the machinery product group (HS 84) with a US\$ 47 billion decline, followed by vehicles (HS 87) with a US\$ 38 billion decline. The highest recovery among the Commonwealth member states, between 2008 and 2011 is achieved for ores, slag and ash (HS 26) with a 98% increase, followed by pearls, precious stones, metals, coins, etc. (HS 71). Despite the recovery, in 2011, machinery exports (HS 84) have not reached yet their pre-crisis level.

Within the LDC group, major exported products account for more than 60% of total exports. The most affected product group was aluminium (HS 76) with a decrease of 99% bringing the 2009 export level to 1% of its pre-crisis level. In 2011, however, aluminium exports had almost caught up with their initial level.

Table 5. Export Declines and Rises of Major Products within each Group (2008-2011)

| | Product groups (HS 2-digit level) | 2008 exports (US\$ million) | Change 2008- 2009 (%) | Change 2008- 2011 (%) | 2011 share (%) |
|-----------|--|--------------------------------------|--------------------------------|--------------------------------|----------------------|
| Overall | Electrical, electronic equipment (HS85) | 228,649 | -15.6 | 8.7 | 10.2 |
| | Machinery, nuclear reactors, boilers (HS84) | 215,660 | -21.5 | -4.6 | 8.5 |
| | Pearls, precious stones, metals, coins, etc (HS71) | 96,104 | -1.0 | 42.3 | 5.6 |
| | Vehicles other than railway, tramway (HS87) | 118,890 | -31.9 | 5.4 | 5.2 |
| | Ores, slag and ash (HS26) | 60,517 | -15.0 | 98.3 | 4.9 |
| Developed | Machinery, nuclear reactors, boilers, etc (HS84) | 109,611 | -22.5 | -2.9 | 8.7 |
| | Vehicles other than railway, tramway (HS87) | 98,930 | -34.9 | 2.7 | 8.3 |
| | Ores, slag and ash (HS26) | 41,924 | -13.1 | 113.1 | 7.3 |
| | Pearls, precious stones, metals, coins, etc (HS71) | 46,519 | -22.0 | 42.7 | 5.4 |
| | Electrical, electronic equipment (HS85) | 57,237 | -19.2 | -7.8 | 4.3 |
| DCs | Electrical, electronic equipment (HS85) | 171,034 | -14.4 | 14.1 | 16.8 |
| | Machinery, nuclear reactors, boilers (HS84) | 105,754 | -20.6 | -6.5 | 8.5 |
| | Pearls, precious stones, metals, coins, etc (HS71) | 48,291 | 19.5 | 40.4 | 5.8 |
| | Organic chemicals (HS29) | 25,452 | -10.5 | 67.8 | 3.7 |
| | Ores, slag and ash (HS26) | 17,202 | -19.9 | 67.8 | 2.5 |
| LDCs | Articles of apparel, accessories, knit or crochet (HS61) | 7,417 | 1.2 | 52.7 | 23.7 |
| | Articles of apparel, accessories, not knit or crochet (HS62) | 5,970 | 5.7 | 59.6 | 19.9 |
| | Copper and articles thereof (HS74) | 3,322 | -11.3 | 105.9 | 14.3 |
| | Pearls, precious stones, metals, coins, etc (HS71) | 1,468 | -99.1 | -0.4 | 5.2 |
| | Ores, slag and ash (HS26) | 1,391 | -14.1 | 29.2 | 3.8 |

Source: TradeMap. Note: HS stands for Harmonised System.

Export Performance

Merchandise Goods

The Commonwealth states' export performance in terms of their export values showed a dramatic increase from approximately US\$ 900 billion in 2001 to more than US\$ 2,100 billion in 2008, which came to halt in the light of the 2008 economic crisis (Table 6). Since 2010, export growth of the 54 Commonwealth states – in absolute terms – has been on the mend again. During the whole period, an average of more than 56% of total exports were generated by the Commonwealth's four developed countries, followed by the DC group with a share of 42% and the LDC group who contributed merely 2%. As Table 6 illustrates, when excluding developed countries from all member states, the volume of exports is cut by more than half, yet still showing an increasing trend over time. Among DCs, however, the increase of exports has been mainly driven by Singapore, India, and Malaysia, accounting in 2010 for more than 72% of total exports of the 50 Commonwealth countries, which do not belong to the developed country group (DC-wide group).⁴ The share of LDC exports within the DC-wide group is still limited; yet, it has gradually increased from 1% in 2001 to 4% in 2011. Overall, there is a high variation of export performances among countries in the DC-wide group, which must be kept in mind when analysing aggregated data.

⁴ The Commonwealth's DC-wide group is composed of 34 DCs and 16 LDCs.

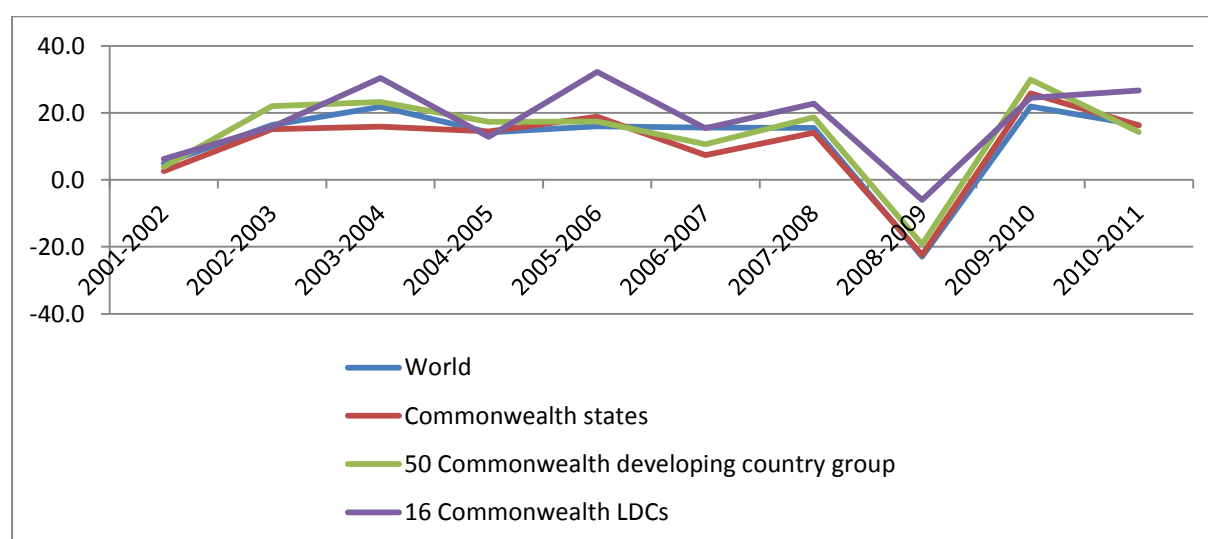
In terms of exports growth rates, the Commonwealth member states follow the global trend as shown in Figure 1. However, LDCs had mostly higher export growth rates than the other two groups over the studied period. Indeed, despite their low export levels, the LDC group showed the fastest growth rates, reaching 13% p.a. between 2006 and 2010. The other two groups, namely the developed and the DC group, grew much slower with 1% p.a. and 8% p.a. between 2006 and 2010, respectively. In addition, LDCs have been affected to a lesser extent by the crisis: their loss of -6% in 2008-2009 appears low against the -20% for DCs and the -25% for developed countries. Furthermore, although export growth has rebounded largely in all countries, the recovery appears to be stronger for LDCs. Yet, their high level of export specialisation makes them fragile.

Table 6. Evolution: Export Performance for Commonwealth States and the World (US\$ billions)

| | Y2001 | Y2002 | Y2003 | Y2004 | Y2005 | Y2006 | Y2007 | Y2008 | Y2009 | Y2010 | Y2011 |
|---------------------|-------|-------|-------|-------|--------|--------|--------|--------|--------|--------|--------|
| World | 6,119 | 6,420 | 7,471 | 9,101 | 10,388 | 12,043 | 13,920 | 16,077 | 12,394 | 15,114 | 17,579 |
| <i>Commonwealth</i> | | | | | | | | | | | |
| Overall | 940 | 964 | 1,109 | 1,286 | 1,471 | 1,748 | 1,877 | 2,141 | 1,660 | 2,089 | 2,429 |
| DC-wide | 329 | 351 | 443 | 513 | 599 | 770 | 851 | 1,010 | 815 | 1,059 | 1,210 |
| LDCs | 4 | 10 | 12 | 15 | 17 | 23 | 26 | 32 | 30 | 37 | 48 |

Source: TradeMap. The Commonwealth's DC-wide group comprises 34 developing countries and 16 LDCs.

Figure 1. Evolution: Export performance growth rate for 54 Commonwealth states the World (US\$ billions)



Source: TradeMap.

Direction of Exports

Market access to developed countries and also emerging markets (in particular Brazil, Russia, India and China – BRIC) is of critical importance to many DCs among the Commonwealth states. Although demand from DCs is still small, it has been growing rapidly at 11.5% p.a., 2006-2010, reflecting the economic growth of emerging markets. Within DCs, the leading destinations in 2010 were concentrated in East Asia and the Pacific group with exports amounting to US\$ 342 billion, followed by BRIC (US\$ 260 billion).

Table 7. Export Destinations of Commonwealth Members

| | Export value (US\$ billion) | Growth rate p.a. 2006-10 (%) | Share in total exports (%) | |
|---------------------------------------|--------------------------------|------------------------------------|----------------------------|--------------|
| | Y2010 | Growth rate | Y2006 | Y2010 |
| Developed countries | 1,130 | -0.4 | 66.3 | 55.5 |
| Developing countries | 906 | 11.5 | 33.7 | 44.5 |
| <i>of which:</i> | | | | |
| <i>BRIC</i> | <i>260</i> | <i>18.6</i> | <i>7.6</i> | <i>12.8</i> |
| <i>East Asia & Pacific</i> | <i>342</i> | <i>8.0</i> | <i>14.5</i> | <i>16.8</i> |
| <i>Europe & Central Asia</i> | <i>48</i> | <i>4.4</i> | <i>2.4</i> | <i>2.4</i> |
| <i>Latin America & Caribbean</i> | <i>45</i> | <i>11.5</i> | <i>1.7</i> | <i>2.2</i> |
| <i>Middle East & North Africa</i> | <i>107</i> | <i>12.0</i> | <i>3.9</i> | <i>5.3</i> |
| <i>South Asia</i> | <i>28</i> | <i>15.5</i> | <i>0.9</i> | <i>1.4</i> |
| <i>Sub-Saharan Africa</i> | <i>75</i> | <i>11.3</i> | <i>2.8</i> | <i>3.7</i> |
| Grand Total | 2,089 (2,036)† | 4.6 | 100.0 | 100.0 |

Note: † US\$ 53 billion of exports are classified as “not elsewhere classified”, and this value is not taken into account into income and regional groups. Countries are grouped according to the World Bank’s classification.

The relative importance of developed countries keeps declining, with the share of Commonwealth total exports to developed countries falling from 66% to 55% while the share of exports to DCs has been growing from 34% to 45% between 2006 and 2010. In particular, among the DC group, demand from BRIC grew from 8% in 2006 to 13% in 2010. In terms of size of exports, the developed country group still remains important, yet there is an on-going diversification into faster growing markets.

Composition of Exports

Exports from the Commonwealth states as a group were mainly composed by non-agricultural products, accounting for more than 90% of total exports in 2010, with a 3.9% p.a. growth rate between 2006 and 2010. Industrial goods represent approximately 79% of total non-agricultural exports and include mineral and precious products, non-electric machinery, electronic equipment, metals, and chemicals. In terms of export value, the level of oil exports, US\$ 164 billion (9% of total non-agricultural exports), was relatively small, but its export growth stood at 4.7% p.a. between 2006 and 2010.

Non-agricultural products also dominated the exports of each country group. Whereas developed countries and DCs mainly exported industrial goods in 2010, the LDC group’s exports mainly focused on clothing. This is likely due to the fact that the LDC group includes major clothing exporters, namely Bangladesh and Lesotho. The relative importance of the clothing sector for the LDC group slightly increased from 39% in 2006 to 43% in 2010.

Table 8. Composition of Exports in 2010

| | Export value (US\$ billion) | Growth rate P.a. 2006-10 (%) | Share in total exports (%) | |
|--------------------------------------|--------------------------------|---------------------------------|----------------------------|--------------|
| | | | Y2006 | Y2010 |
| Total | 2,006[‡] | 4.5 | 100.0 | 100.0 |
| Agriculture | 182 | 10.7 | 7.2 | 9.0 |
| Non-agriculture | 1,824 | 3.9 | 92.8 | 91.0 |
| <i>industrial goods</i> | 1,580 | 3.8 | 80.7 | 78.8 |
| <i>oil</i> | 164 | 4.7 | 8.1 | 8.2 |
| <i>clothing</i> | 43 | 4.9 | 2.1 | 2.2 |
| <i>textile</i> | 36 | 2.8 | 1.9 | 1.8 |
| <i>other</i> | 1 | 11.9 | 0.0 | 0.1 |
| Developed country group | 981[‡] | 1.3 | 100.0 | 100.0 |
| Agriculture | 102 | 7.2 | 8.3 | 10.4 |
| Non-agriculture | 879 | 0.7 | 91.7 | 89.6 |
| <i>industrial goods</i> | 778 | 0.0 | 83.3 | 79.2 |
| <i>oil</i> | 86 | 8.4 | 6.6 | 8.7 |
| <i>clothing</i> | 7 | -0.8 | 0.7 | 0.7 |
| <i>textile</i> | 8 | -3.3 | 1.0 | 0.8 |
| <i>other</i> | 1 | 11.9 | 0.1 | 0.1 |
| Developing country group | 988[‡] | 7.8 | 100.0 | 100.0 |
| Agriculture | 76 | 16.4 | 5.6 | 7.7 |
| Non-agriculture | 912 | 7.3 | 94.4 | 92.3 |
| <i>industrial goods</i> | 787 | 8.2 | 78.5 | 79.7 |
| <i>oil</i> | 79 | 1.3 | 10.2 | 8.0 |
| <i>clothing</i> | 21 | 0.6 | 2.8 | 2.1 |
| <i>textile</i> | 26 | 5.5 | 2.9 | 2.6 |
| <i>other</i> | 0 | 19.8 | 0.0 | 0.0 |
| LDC group | 37[‡] | 13.3 | 100.0 | 100.0 |
| Agriculture | 4 | 11.7 | 11.0 | 10.4 |
| Non-agriculture | 33 | 13.5 | 89.0 | 89.6 |
| <i>industrial goods</i> | 12 | 10.8 | 36.6 | 33.4 |
| <i>oil</i> | 4 | 24.2 | 6.6 | 9.4 |
| <i>clothing</i> | 16 | 16.3 | 38.6 | 42.7 |
| <i>textile</i> | 2 | -1.7 | 7.3 | 4.1 |
| <i>other</i> | 0 | -55.4 | 0.0 | 0.0 |
| <i>For reference:</i> | | | | |
| UN defined small islands (25) | 352[‡] | 5.3 | 100.0 | 100.0 |
| Agriculture | 10 | 10.1 | 2.3 | 2.8 |
| Non-agriculture | 342 | 5.2 | 97.7 | 97.2 |
| <i>industrial goods</i> | 296 | 4.9 | 85.7 | 84.2 |
| <i>oil</i> | 43 | 9.1 | 10.6 | 12.2 |
| <i>clothing</i> | 2 | -11.3 | 1.0 | 0.5 |
| <i>textile</i> | 1 | -2.2 | 0.4 | 0.3 |
| <i>other</i> | 0 | 86.0 | 0.0 | 0.0 |

Source: TradeMap. Note: [‡] total exports for each group do not correspond to Table 2 because products under HS99 and HS98 are excluded from calculations. There are missing export values for some countries: 3 DCs and 1 LDC (Seychelles, Rwanda, Tonga and Antigua & Barbuda).

Examining the composition of exports by different levels of processing gives an indication of the levels of industrial development. Table 9 shows the composition of Commonwealth states' exported

products by processing stage, classified as raw materials, semi-processed, and fully-processed. In 2010, member states' exports as a group concentrated on fully-processed products, which accounted for 57% of its total exports, while about 25% and 18% of total exports were composed of raw materials and semi-processed products, respectively.

We examined the processing stages by agriculture and non-agriculture products; approximately 57% of agricultural exports were fully processed products, followed by raw material products (39% of agricultural exports). A similar pattern is also observed in non-agricultural products. The composition of developed and developing countries' exports is similar to the overall group. However, LDCs agricultural exports mainly comprise raw materials, which account for more than 78% of total LDCs' agricultural exports (mainly tobacco, and tea/coffee). In terms of non-agriculture products, LDCs exports concentrate on fully-processed products, accounting for 59% of total non-agriculture exports (mainly driven by apparels from Bangladesh). If one removes apparel from LDCs' exports, the amount of fully-processed product exports becomes negligible. This illustrates the actual weak situation of the processing industry in LDCs.

Table 9. Composition of Exports by Processing Stage in 2010 (% of total exports)

| | Raw materials | Semi-processed | Fully-processed | Overall |
|---------------------------------|---------------|----------------|-----------------|------------|
| Total | 25 | 18 | 57 | 100 |
| Agriculture | 39 | 4 | 57 | 100 |
| Non-agriculture | 24 | 19 | 57 | 100 |
| Developed country group | 30 | 18 | 52 | 100 |
| Agriculture | 36 | 2 | 62 | 100 |
| Non-agriculture | 29 | 20 | 50 | 100 |
| Developing country group | 21 | 17 | 62 | 100 |
| Agriculture | 40 | 7 | 53 | 100 |
| Non-agriculture | 19 | 18 | 63 | 100 |
| LDC group | 19 | 27 | 54 | 100 |
| Agriculture | 78 | 11 | 11 | 100 |
| Non-agriculture | 12 | 29 | 59 | 100 |

Source: ITC classification and TradeMap. Note: there are missing export values for some countries: 3 DCs and 1 LDC (Seychelles, Rwanda, Tonga and Antigua & Barbuda).

Intra-Trade among the Member States

In 2010, the Commonwealth states exported US\$ 366 billion worth of goods to other member countries, accounting for 18% of their total exports. We compare the degree of trade integration within the Commonwealth group to the one of a similar group of countries, namely *La Francophonie*⁵ (Table 10). The share of intra-trade among the Commonwealth states is slightly higher than the share of intra-trade among the member states of *La Francophonie* (15%). At the subgroup level, the Commonwealth DC group's exports to other member states amounted to US\$ 244 billion, accounting for approximately 24% of its total exports, which is again larger than the share of intra-trade among *La Francophonie* DC group's exports at 18%. In terms of recent trends between 2006 and 2010, intra-trade among the Commonwealth States remained in the range of 16%-18%, implying no dramatic changes.

⁵ *La Francophonie* is composed of 53 countries, out of which 6 are developed countries, 24 DCs and 23 LDCs.

Among the Commonwealth states, Singapore was the leading exporter to other members, accounting for 24% of total Commonwealth states' intra-regional exports, followed by Malaysia (14%) and India (12%) in 2010.

Table 10. Intra-Group Trade Commonwealth and *La Francophonie* (2010)

| | Commonwealth states | | | <i>La Francophonie</i> states | | |
|--------------------------|------------------------------------|---|--------------------------|------------------------------------|---|--------------------------|
| | Export to the world (US\$ billion) | Exports to member states (US\$ billion) | Share of intra-trade (%) | Export to the world (US\$ billion) | Exports to member states (US\$ billion) | Share of intra-trade (%) |
| Overall | 2,089 | 366 | 17.5 | 1,830 | 278 | 15.2 |
| Developed country group | 1,030 | 118 | 11.5 | 1,520 | 224 | 14.7 |
| Developing country group | 1,021 | 244 | 23.9 | 272 | 49 | 18.0 |
| LDC group | 37 | 4 | 10.8 | 38 | 5 | 13.2 |

Source: TradeMap.

Commonwealth DCs have become important as export destinations. The Commonwealth states exported in 2010 mainly to other Commonwealth DCs with an export value of US\$ 229 billion, accounting for 63% of total intra-exports (Table 11). Moreover, the relative importance of the DC group as a destination increased from 60% in 2006 to 63% in 2010 while the share of exports to the Commonwealth developed country group declined from 36% in 2006 to 32% in 2010. This pattern applied to all three subgroups, namely developed, developing and least developed countries. For instance, the share of Commonwealth developed country exports to Commonwealth DCs slightly grew from 50% in 2006 to 51% in 2010. This situation may result from the composition of DC member states including dynamic emerging markets such as Singapore, India, Malaysia, and South Africa.

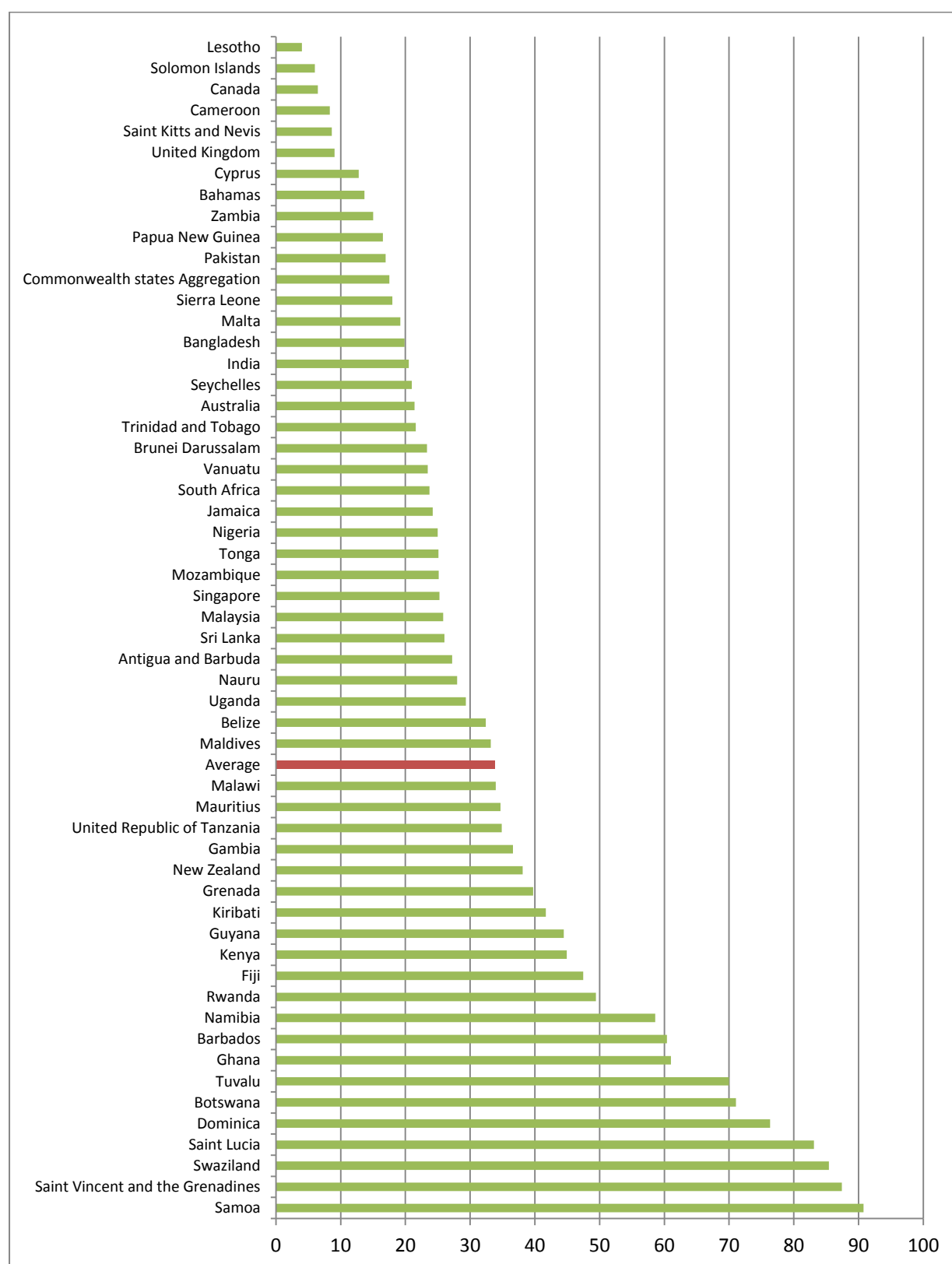
Table 11. Intra-Commonwealth Exports by Sub-Group in US\$ billion (share in total exports of each group in %), 2010

| Exporters | Export destinations | | | |
|----------------------|---------------------|---------------------|----------------------|-----------|
| | Overall | Developed countries | Developing countries | LDCs |
| Overall | 366 (100%) | 116 (31%) | 229 (63%) | 21 (6%) |
| Developed countries | 118 (100%) | 55 (47%) | 60 (51%) | 3 (2%) |
| Developing countries | 244 (100%) | 61 (25%) | 166 (68%) | 17 (7%) |
| LDCs | 4 (100%) | 0.5 (13%) | 2.7 (67%) | 0.8 (20%) |

Source: TradeMap.

A wide disparity is observed across individual member states in terms of intra-trade. In 2010 at the country level, Samoa's exports to 54 Commonwealth states represented approximately 91% of its total exports, followed by Saint Vincent and the Grenadines (87%) and Swaziland (85%), illustrating their high dependence on the Commonwealth states as their export destinations. On the other hand, Lesotho destined only 5% of its total exports to Commonwealth member countries, meaning that it exported mainly to outside of the Commonwealth states, in particular to the US.

Figure 2. Commonwealth States Exports to other Member States (% share of total exports)



Source: TradeMap. Note: for some countries for which 2010 data was not available, we used the last available year: 2004 for Papua New Guinea; 2005 for Kiribati; 2006 for Brunei Darussalam; 2007 for Antigua & Barbuda, Bangladesh, Grenada, Saint Kitts & Nevis, Saint Lucia, Swaziland, and Vanuatu; 2008 for Namibia, and Seychelles; 2009 for Rwanda.

Product and Market Diversification

With a particular attention to Commonwealth developing member states, many DCs are heavily concentrated on a limited number of products as well as markets. Table 12 illustrates the concentration of markets and products by displaying the shares of the top 3 exported products and the top 3 export markets in total exports. The top 3 export products and markets accounted for more than 60% of LDCs' exports and thus for substantially more than in case of the developed and DC group. At the individual country level, 12 LDCs out of 16 were above the overall average of 52.8% (exported products) and 9 out of 16 were above 57.5% (export markets); for example, Samoa's top 3 exported products and markets represent 87% and 93% of its total exports, respectively. Annex IV shows each country's position in terms of diversification.

Table 12. Top 3 Exported Products and Markets per Total Exports by each Group in 2010

| | Share of top 3 exported products (%) | Share of top 3 export markets (%) |
|--------------------|--------------------------------------|-----------------------------------|
| Overall | 52.8 | 57.5 |
| Developed country | 26.3 | 52.2 |
| Developing country | 51.3 | 53.9 |
| LDCs | 62.7 | 66.5 |

Source: Trade Competitiveness Map. Note: We considered total trade (to the world) at the HS 2-digit level (including oil).

Efforts towards greater export diversification are usually given importance on the policy agendas of policy makers in many DCs. However, even if many DCs, in particular LDCs, have a very limited export basket with only few products, these products may be very competitive and may be exported also to other destinations. We adopt the inverse of the Herfindahl index (which measures concentration) to derive the number of *equivalent* markets and products *if each market and product absorbed the same amount of trade*. Based on this indicator, the average degree of market concentration of the Commonwealth DC-wide group is equivalent to the market concentration of a country exporting the same value to 8.4 markets. This figure is comparable to the overall DC group (8.4 equivalent markets). The Commonwealth LDCs as a group export to 6.5 equivalent markets which is higher than the overall LDC group of 5.9 equivalent markets and *La Francophonie* LDC group of 5.9 equivalent markets. Exports of Commonwealth states are well-diversified in terms of market diversification.

Table 13. Market and Exported Product Diversification in 2010

| | Market diversification | Product diversification |
|-------------------------|------------------------|-------------------------|
| OECD | 12.6 | 78.6 |
| DCs | 8.4 | 21.1 |
| LDCs | 5.9 | 7.7 |
| Commonwealth states | 8.5 | 14.3 |
| Commonwealth DC-wide | 8.4 | 12.2 |
| Commonwealth LDCs | 6.5 | 7.4 |
| La Francophonie | 8.5 | 23.4 |
| La Francophonie DC-wide | 7.7 | 14 |
| La Francophonie LDCs | 5.9 | 6.7 |

Source: ITC. Note: diversification indices are calculated as simple averages of the inverse of the Herfindahl index. Data is not available for Saint Kitts and Nevis and Saint Lucia. Figures for individual countries are presented in Annex V.

In terms of product diversification, the Commonwealth developing states appear to perform less well; the entire group of Commonwealth developing states exported in 2010 12.2 equivalent products, which is below the DC group (21.1 equivalent products) and *La Francophonie's* DC group including LDCs (14.0 equivalent products). The Commonwealth LDC group exported 7.4 equivalent products while the overall LDC group and *La Francophonie* LDCs exported 7.7 and 6.7 equivalent products, respectively. Taken into account the current economic environment (i.e. economic crisis, price volatility), policies towards increased product diversification for Commonwealth developing states are crucial for reducing their vulnerability to trade shocks and loss of export revenues.

Trade in Services

Trade in services has grown rapidly and has surpassed the growth of trade in goods. The importance of the service sector has been increasingly emphasised as a way to contribute to DCs' export diversification (World Bank 2010).⁶

The Commonwealth states' service exports increased from approximately US\$ 550 billion in 2006 to US\$ 720 billion in 2010. The Commonwealth states' service exports as a whole represent approximately 20% of the world's service exports. Commonwealth developed countries' exports amounted to US\$ 383 billion in 2010 and account for nearly 53% of the Commonwealth's total service exports. They are mainly driven by the UK, representing 36% of total Commonwealth service exports. On the other hand, the size of LDC exports in the member states is minimal; its amount was about US\$ 8 billion in 2010, accounting only for 1% of the Commonwealth's total service exports.

The overall group's share in the world has remained stable between 2006 and 2010. However, it declined for the Commonwealth developed country group from 12% to 10%. On the other hand, the Commonwealth DC group improved its export share from 7.5% in 2006 to 9% in 2010. The major players in the DC group are India and Singapore, representing more than 71% of the Commonwealth DC group's total service exports.

Despite the fact that the developing countries' export size remains small in terms of value, the Commonwealth DC group showed the fastest growth, reaching 12.2% p.a. between 2006 and 2010, which was significantly higher than the Commonwealth developed country group with a 3.2% p.a. growth rate over the same period. In addition, the Commonwealth DC group grew faster than the average of all DCs (10.5% p.a. 2006-2010).

Exports of services (as opposed to exports of goods) are becoming increasingly prominent; the 54 Commonwealth states' exports of services represent approximately 39% of their total exports of goods and services in 2010, which is slightly above the world average of 21%. In particular, the Commonwealth states DC group's exports of services account for approximately 41% of its total exports of goods and services, again well above the average of all DCs (16%).

⁶ World Bank. 2010. *New Trends and Opportunities for Developing Countries*. In: *International Trade in Services*. World Bank publication (June). Washington, DC: World Bank.

Table 14. Service Exports of Commonwealth Countries

| | | Service exports in 2010 (US\$ billion) | Share in the world | | Growth rate 2006-2010 ‡ (%) | Service exports as a share of total goods and services (%) |
|---------------------|-------------------------------|--|--------------------|----------|-----------------------------|--|
| | | | 2006 (%) | 2010 (%) | | |
| Commonwealth States | Overall | 720 | 19.5 | 19.5 | 7.0 | 39.3 |
| | Developed country group | 383 | 12.0 | 10.4 | 3.2 | 23.5 |
| | DC-wide ^a | 336 | 7.5 | 9.1 | 12.2 | 40.8 |
| | Developing country group (34) | 328 | 7.3 | 8.9 | 12.2 | 43.5 |
| | LDCs (16) | 8 | 0.2 | 0.2 | 12.3 | 33.9 |
| Global | World | 3,698 | | | 7.0 | 20.6 |
| | Developed country group | 2,462 | 70.6 | 66.6 | 5.5 | 23.8 |
| | DC-wide ^b | 1,237 | 29.5 | 33.4 | 10.5 | 16.3 |
| | Developing country group | 1,220 | 29.0 | 33.0 | 10.5 | 16.4 |
| | LDCs | 17 | 0.5 | 0.4 | 6.5 | 11.6 |

Source: World Bank WDI (BoP). Note: ‡ growth rates refer to the annual growth rate between 2006 and 2010. a: there are no data for three Commonwealth states in 2006 (1 DC and 2 LDCs) and 8 Commonwealth states in 2010 (4 DCs and 4 LDCs). b: there are missing values for 13 DCs and 19 LDCs.

When examining individual countries, a wide disparity is observed across individual member states in terms of the importance of service exports as a share of total exports. First, 11 Commonwealth states are heavily dependent on service exports. Service exports represent more than 75% of these countries' total goods and services exports. Almost half of the Commonwealth member states have export levels which exceed the Commonwealth average (39%). Second, those 11 countries (except Cyprus), which heavily depend on service exports, are part of UN's Small Island Developing States (SIDS). For instance, in Antigua and Barbuda service exports represent approximately 91% of its total exports, followed by Vanuatu (85%) and Grenada (82%).

However, in absolute terms, the UK is the largest service exporter, accounting for 36% of total Commonwealth service exports. India, the second largest exporter, accounted for 17% of total Commonwealth service exports, followed by Singapore (16%) in 2010. This shows that emerging countries are becoming important players in the market for services.

Figure 3. Exports of Services as a Share of Total Exports of Goods and Services (%) in 2010



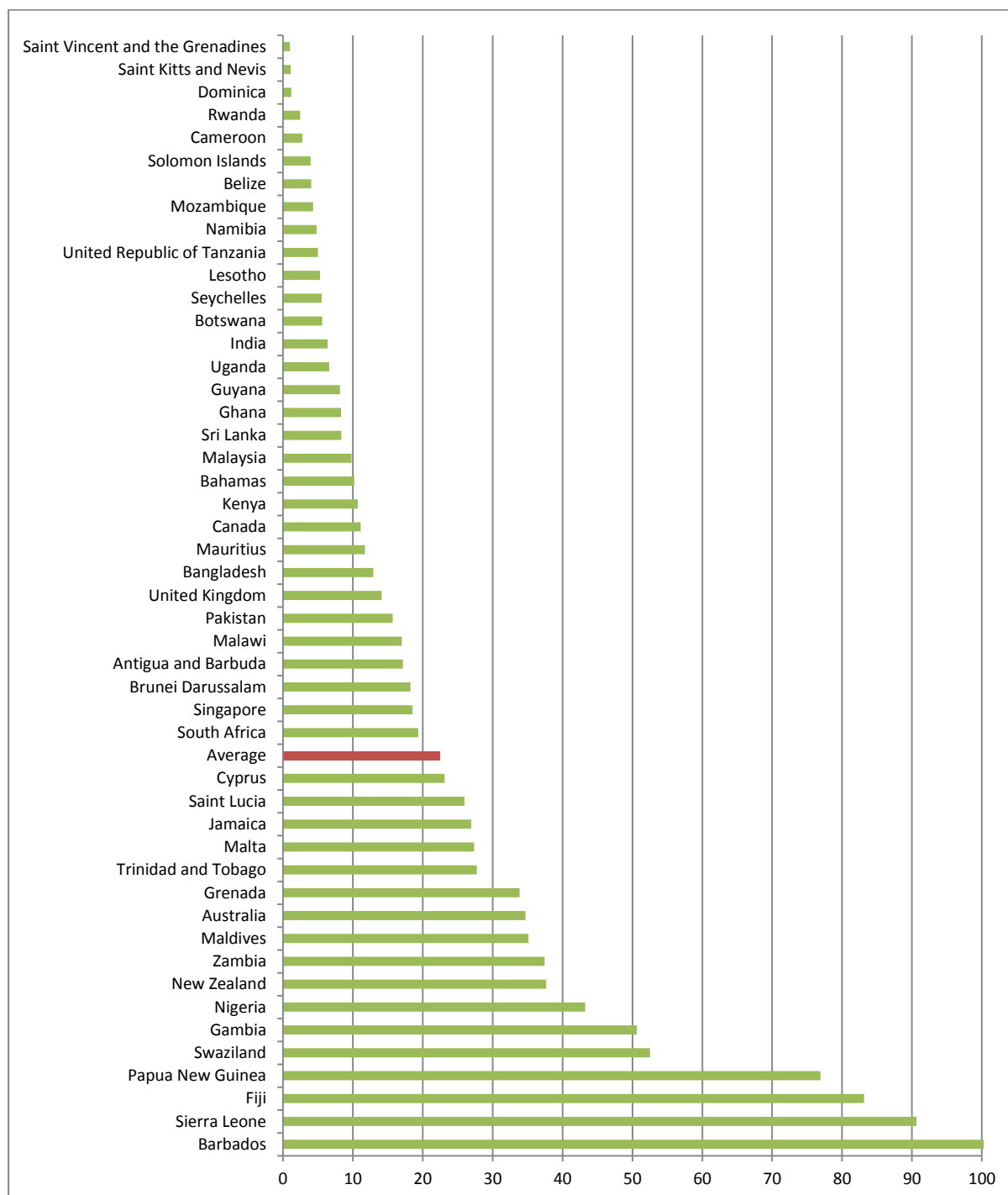
Source: World Bank WDI (BoP). Note: no data for Kiribati, Malawi, and Tuvalu. For Brunei Darussalam, Tonga, Trinidad & Tobago, figures are based on 2009 data. For Vanuatu, the figure is based on 2007 data.

In order to examine the intra-trade among member states, ITC's TradeMap service data is employed. Very few countries compile statistics broken down by trading partner for trade in services. The only

countries which actually compile such data are mainly the developed countries. Thus, the limited data availability requires us to use mirror statistics of reporting countries in order to analyse the direction of trade in services. Here, we employ 2009 data (instead of 2010) simply because it covers more data reporting countries. It is also important to note that those reporting countries, which provide data by partner level, represent approximately 70% of total imports in services. Only seven countries among the reporting countries are Commonwealth member states, namely Australia, Canada, Cyprus, Malta, Singapore, Swaziland and the UK. The average share of services in total exports (i.e. goods and services together) stands at 40% (which is very close to the 39% share given in the World Bank data). The above Figure 3 confirms the varying importance of service exports for the countries. It varies between 91% for Antigua and Barbuda to 4% for Zambia, with oil-exporting Nigeria realising an even smaller share of its export earnings from trade in services.

Based on the limited availability of data, approximately 23% of Commonwealth states' exports in services are destined to other member states. We find similar percentages when we disaggregate into the three subgroups, namely developed countries, DCs, and LDCs. DCs export 22.2% of their total exports in services to other member states. Commonwealth LDCs export 22.6% of total services to other member states (2009 data). On the other hand, Commonwealth developed countries export 24.4% of the service exports to other Commonwealth countries. As Figure 4 shows, some members are highly dependent on the Commonwealth for their service exports (such as Barbados or Sierra Leone), while others export substantially to non-Commonwealth destinations.

Figure 4. Service Exports to the Commonwealth as a Share of Total Service Exports (%)

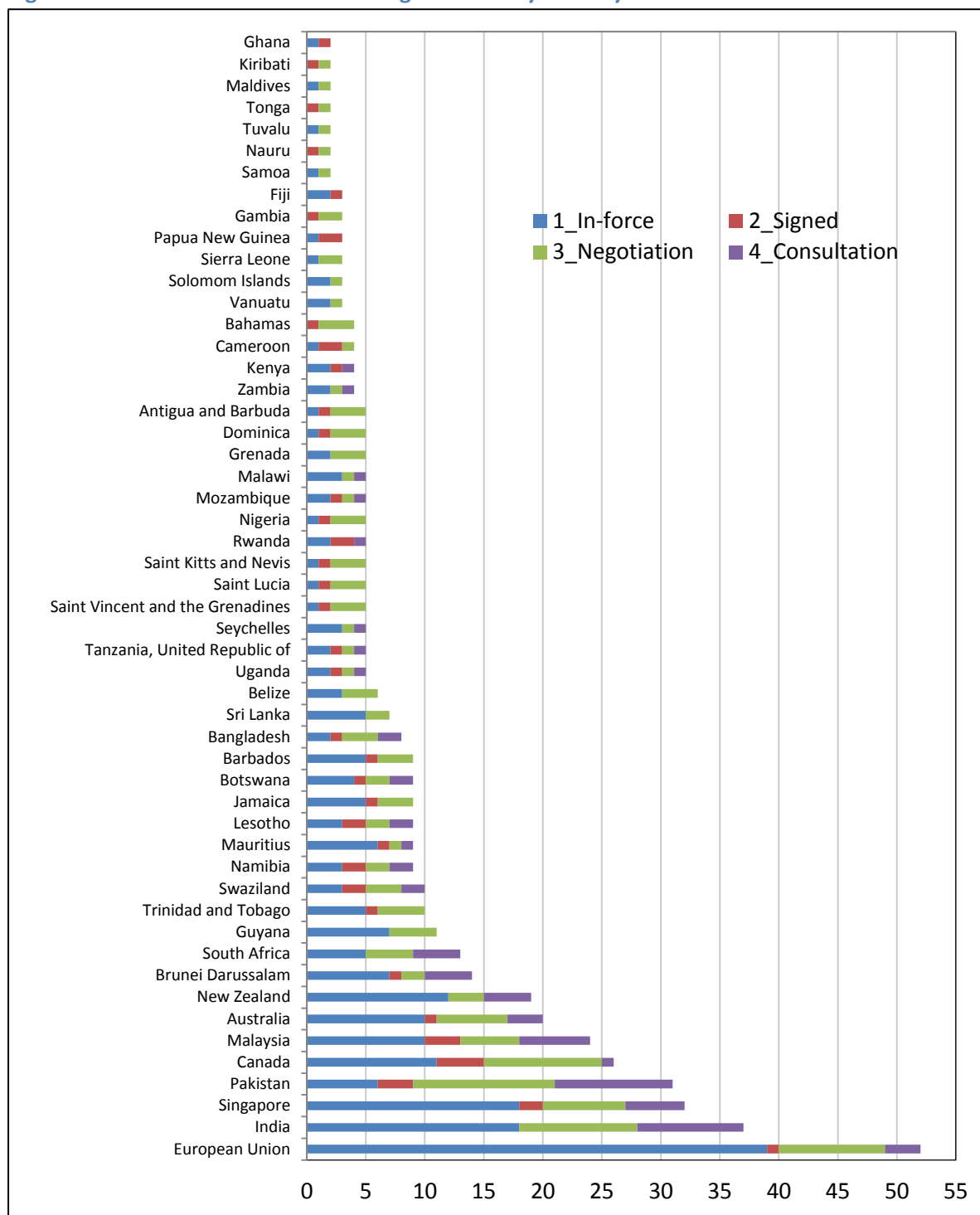


Source: TradeMap. Note: no data for six countries Kiribati, Nauru, Samoa, Tonga, Tuvalu, and Vanuatu. Data are driven by direct and mirror statistics of seven reporting countries in 2009 – Australia (2008), Canada, Cyprus, Malta, Singapore, Swaziland, and UK.

Market Access and Trade Agreements

Preferential tariff agreements become an increasingly prominent feature of the global trade system and this is not exceptional for the Commonwealth state members. Almost all member states have engaged in one or several preferential tariff agreements. Out of 487 preferential tariff agreements that have been identified by the ITC as of July 2012, 276 agreements are already in force or have been signed. The most active countries are EU members including Commonwealth member states, namely Cyprus, Malta, and the UK. The EU has 39 in-force agreements with its trading partners including non-reciprocal tariff treatments such as the Generalised System of Preferences (GSP). Other developed countries, such as Canada, Australia, and New Zealand, have also engaged in a large number of preferential agreements. In general, Asian countries such as India, Malaysia, Pakistan, and Singapore have also been active in negotiating or concluding preferential tariff agreements. African countries have been less engaged in such agreements.

Figure 5. Status of Preferential Trade Agreements by Country



Source: ITC MACMap. Note: preferential trade agreements include both reciprocal and non-reciprocal tariff arrangements. Situation as of July 2012.

The diagram on trade agreements within the Commonwealth shows the inter-connectedness of the member states through their participation in FTAs and Regional Trade Agreements (RTAs). For instance, Commonwealth developed members offer non-reciprocal tariff treatments such as the GSP to products from beneficiary developing countries. For instance, in the case of LDC member states, the EU member states offer duty-free and quota-free status to all products, while Canada also provides the same access for all products from LDCs, with the exception of over-quota access for supply-managed products in the dairy, poultry and eggs sectors.

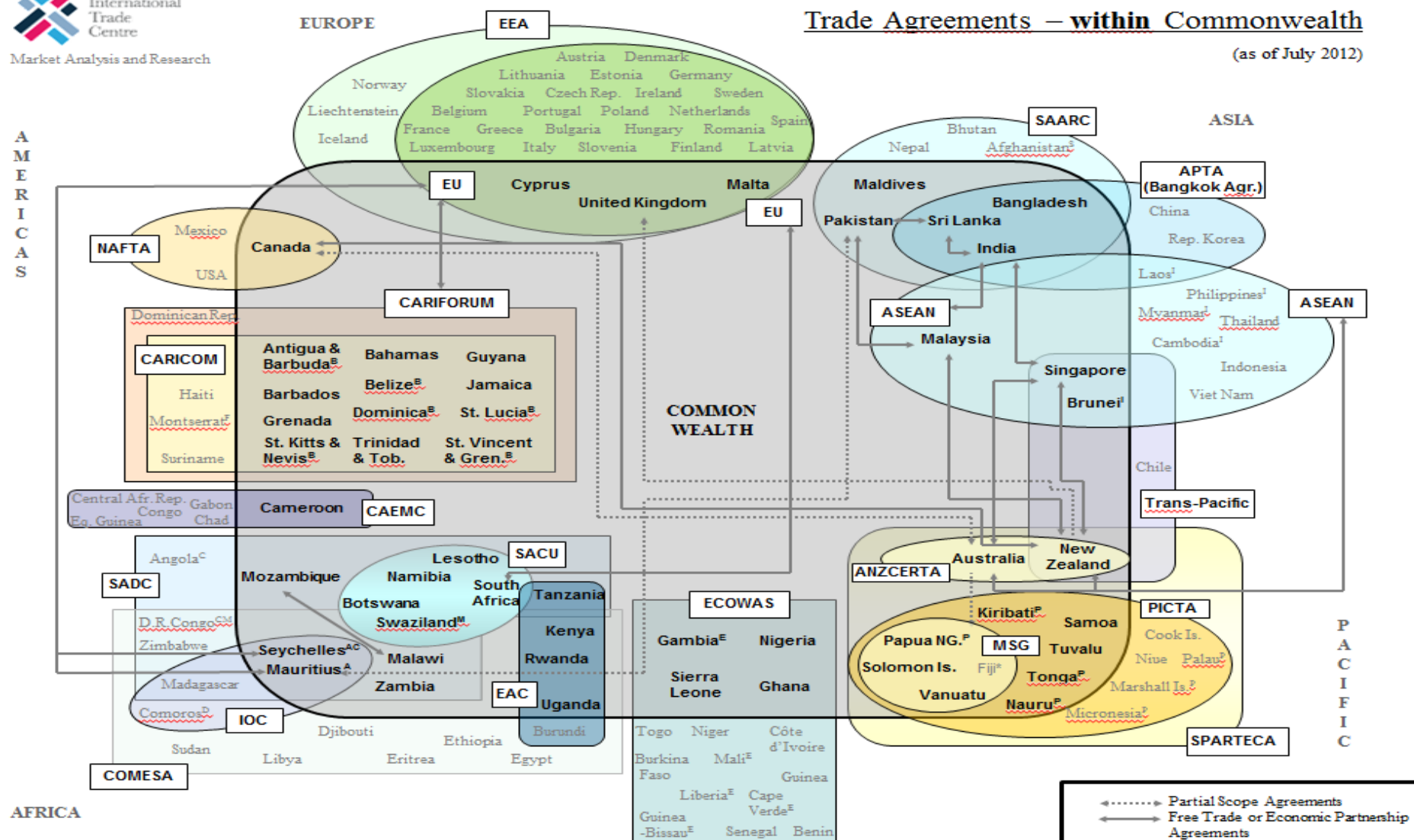
Despite the existence of quite a number of preferential trade agreements involving Commonwealth states, there are some member states, which have not engaged in many agreements of either form (i.e. non-reciprocal or reciprocal). For example, South Africa receives non-reciprocal preferential market access from Canada, and it has established an FTA with the EU. Yet, South Africa does not have any kind of preferential trade agreements with Australia, New Zealand, nor ASEAN or South Asian Association for Regional Cooperation (SAARC).

South Africa could consider expanding preferential trade agreements beyond its neighbouring countries. At the regional level, South Africa has actively participated in RTAs with its neighbouring countries – namely COMESA and Southern Africa and Development Community (SADC). However, there are no agreements yet with Asian emerging markets such as ASEAN states or India although South Africa as part of the Southern African Customs Union (SACU) and has been involved in negotiations with India. Given South Africa's established logistics, supply capacity, and economic size, South Africa could play a key role in facilitating trade within the Commonwealth.

Trade Agreements within the Commonwealth

Trade Agreements – **within** Commonwealth

(as of July 2012)



ABBREVIATIONS

| | |
|-----------------|---|
| APTA | Asia-Pacific Trade Agreement |
| ASEAN | Association of South-East Asian Nations |
| ANZCERTA | Australia New Zealand Closer Economic Relations Trade Agreement |
| CAEMC | Central African Economic and Monetary Community |
| CARICOM | Caribbean Common Market |
| COMESA | Common Market for Eastern and Southern Africa |
| EAC | East African Community |
| ECOWAS | Economic Community of West African States |
| EEA | European Economic Area |
| EFTA | European Free Trade Association |

| | |
|-----------------|--|
| EU | European Union |
| IOC | Indian Ocean Commission |
| MERCOSUR | Southern Common Market |
| MSG | Melanesian Spearhead Group |
| NAFTA | North American Free Trade Area |
| PICTA | Pacific Island Countries Trade Agreement |
| SAARC | South-Asian Association for Regional Cooperation |
| SACU | Southern African Customs Union |
| SADC | Southern African Development Community |
| SPARTECA | South Pacific Agreement on Regional Trade and Economic Cooperation |

FOOTNOTES TO THE SLIDE

* Fiji Islands are suspended from membership of the Commonwealth on 1 Sep 2009

^A in the framework of the Economic Partnership Agreement ESA-EU

^B does not apply preferences under CARICOM-Colombia, CARICOM-Cuba, CARICOM-Costa Rica, CARICOM-Dominican Republic

^C country is member of SADC but not yet applying preferential tariff

^D country is member of IOC but not yet applying preferential tariff

^E country is member of ECOWAS but not yet applying preferential tariff

^F is not part of Cariforum

^I country is party to ASEAN – India but not yet applying preferential tariff

^M country is member of COMESA but not yet applying preferential tariff

^P country is party to PICTA but not yet applying preferential tariff

NOTES

This graph reflects, to the best of ITC's knowledge, the situation as of July 2012. Included are (implemented) agreements between Commonwealth members concerning trade in goods only. The number and list of products to which preferences are granted varies from country to country. With some exceptions, only agreements with reciprocal preferences are shown. It should be borne in mind that Commonwealth members may be granted preferential tariffs resulting from trade regimes such as the General System of Preferences (GSP), that is, from countries providing non-reciprocal preferential tariffs to developing and least developed countries.

Intra- and Extra-Commonwealth Tariffs

Commonwealth members face tariff barriers in different importing markets (see Table 15). Average applied duties are calculated based on the assumption that countries fully utilise the available programs for all products.

At the global level, the Commonwealth states face an average weighted applied tariff rate of 4.3%. Within the subgroups, LDCs are subject to an only slightly lower tariff rate of 4%. This shows that the preference margin for Commonwealth LDCs is tiny. The LDCs face favourable tariff conditions in the markets of the four developed countries, but continue to face considerable tariff barriers in other Commonwealth DCs and LDCs. In effect, intra-LDC tariffs are still as high as 10.7% (trade weighted average) and tariffs in DCs of the Commonwealth amount to 5.9% for LDC exports. This shows that there is still ample opportunity to reduce applied tariffs on exports from LDCs to other Commonwealth DCs.

Table 15. Applied Tariffs Faced by Commonwealth Member States (average weighted tariffs, %)

| Exporters | Importers | | | | | |
|--------------|-----------|-------------------------|---------------------|---------------|-----------------|----------|
| | World | Non Commonwealth states | Commonwealth states | | | |
| | | | All (54) | Developed (4) | Developing (34) | LDC (16) |
| Commonwealth | 4.6 | 4.6 | 4.5 | 2.0 | 6.8 | 11.6 |
| Developed | 4.4 | 4.3 | 5.2 | 2.8 | 7.1 | 12.1 |
| Developing | 4.6 | 4.6 | 4.7 | 2.2 | 7.1 | 11.8 |
| LDCs | 4.6 | 4.7 | 3.8 | 1.4 | 5.9 | 11.1 |

Source: MAcMap. Note: figures for individual countries are presented in Annex VI.

In addition to reducing overall tariffs, this analysis also shows that there is ample scope for reducing tariff escalation amongst Commonwealth countries. Table 16 provides evidence that processed agricultural exports amongst the 34 DCs face stiff tariffs of 25.3% (trade weighted). The scope for tariff liberalisation amongst the Commonwealth developing countries would be in particular beneficial for LDCs whose export patterns predominantly rely on agricultural exports.

Table 16. Tariff Escalation by Stage of Processing (average weighted tariffs, %)

| | Overall | | | Agriculture | | | Industry | | |
|--------------|---------|----------------|-----------|-------------|----------------|-----------|----------|----------------|-----------|
| | primary | semi-processed | processed | primary | semi-processed | processed | primary | semi-processed | processed |
| Commonwealth | 3.0 | 4.0 | 5.4 | 10.1 | 10.2 | 20.3 | 1.3 | 3.8 | 4.5 |
| Developed | 0.7 | 1.2 | 2.9 | 3.8 | 7.2 | 17.8 | 0.1 | 1.0 | 2.0 |
| Developing | 5.5 | 6.3 | 7.7 | 15.5 | 11.1 | 22.6 | 2.8 | 6.1 | 6.6 |
| LDCs | 8.5 | 11.3 | 12.9 | 9.0 | 21.0 | 18.4 | 8.3 | 10.5 | 12.3 |

Source: MAcMap. Note: figures for individual countries are presented in Annex VII.

Conclusions

This brief has observed that considerable scope exists for intensifying and enhancing trade amongst Commonwealth countries. Commonwealth countries have experienced different performances in terms of exports these last years. While LDCs were the least affected country group of the 2008 crisis, they have also benefited from the strongest recovery over recent years. However, their performance remains fragile because of their high dependence on few markets and products.

Regarding the level of intra-regional trade, there has been very little change between 2006 and 2010. The major recent trend is the greater attractiveness for DCs in trade with all three subgroups. On the contrary, Commonwealth developed countries' exports towards LDCs are still low and their overall importance as a destination for other Commonwealth countries' exports is rather declining.

Enhanced intra-Commonwealth cooperation may be achieved through the simultaneous implementation of various instruments and modalities. The most important instrument would be an Economic Cooperation Agreement amongst selected developed and DCs. The focus of the agreement would be to ensure technical and financial assistance for trade facilitation measures amongst Commonwealth countries. Some of the emerging economies amongst the Commonwealth countries, for example India, may contribute trade facilitation expertise to be utilised under the agreement. Selected developed Commonwealth countries could make available technical and financial resources to a designated Commonwealth Trade Facilitation Trust Fund.

Another important instrument could be a Trade Cooperation Agreement (TCA) amongst selected developing Commonwealth countries. The TCA would seek to reduce tariff levels and tariff escalation amongst participating developing Commonwealth countries, in particular for agricultural products. The TCA could include provisions to improve transparency regarding the implementation of non-tariff measures. The ComSec would be tasked with developing and implementing the agreements.

Annex I. Commonwealth Member States

| Commonwealth states | Country group | UN defined small islands |
|----------------------------------|---------------|--------------------------|
| Antigua and Barbuda | DC | SI |
| Bahamas | DC | SI |
| Barbados | DC | SI |
| Belize | DC | SI |
| Botswana | DC | |
| Brunei Darussalam | DC | |
| Cameroon | DC | |
| Cyprus | DC | |
| Dominica | DC | SI |
| Fiji | DC | SI |
| Ghana | DC | |
| Grenada | DC | SI |
| Guyana | DC | SI |
| India | DC | |
| Jamaica | DC | SI |
| Kenya | DC | |
| Malaysia | DC | |
| Malta | DC | |
| Mauritius | DC | SI |
| Namibia | DC | |
| Nauru | DC | SI |
| Nigeria | DC | |
| Pakistan | DC | |
| Papua New Guinea | DC | SI |
| Saint Kitts and Nevis | DC | SI |
| Saint Lucia | DC | SI |
| Saint Vincent and the Grenadines | DC | SI |

| Commonwealth states | Country group | UN defined small islands |
|-----------------------------|---------------|--------------------------|
| Seychelles | DC | SI |
| Sri Lanka | DC | |
| Swaziland | DC | |
| Tonga | DC | SI |
| Trinidad and Tobago | DC | SI |
| Singapore | DC | SI |
| South Africa | DC | |
| Australia | Developed | |
| Canada | Developed | |
| New Zealand | Developed | |
| United Kingdom | Developed | |
| Bangladesh | LDC | |
| Gambia | LDC | |
| Kiribati | LDC | SI |
| Lesotho | LDC | |
| Malawi | LDC | |
| Maldives | LDC | SI |
| Mozambique | LDC | |
| Rwanda | LDC | |
| Samoa | LDC | SI |
| Sierra Leone | LDC | |
| Solomon Islands | LDC | SI |
| Tuvalu | LDC | SI |
| Uganda | LDC | |
| United Republic of Tanzania | LDC | |
| Vanuatu | LDC | SI |
| Zambia | LDC | |

Source: World Bank's classification.

Annex II. Development and Business Climate Indicators

| Commonwealth states | Population 2010 (in '000) | Human Development Index (HDI) | | Global Competitiveness Index (CGI) | | Doing Business | | | | Logistics Performance Indicators (LPI) | |
|---------------------|------------------------------|----------------------------------|-----------------|--|-----------------|----------------|------------------------|----|--|---|-----------------|
| | | Rank (/187) | Score (/1.0) | Rank (/142) | Score (/7.0) | Rank (/183) | Trading Across Borders | | Cost to export (US\$ per container) | Rank (/155) | Score (/5.0) |
| Antigua and Barbuda | 88 | 60 | 0.764 | | | 57 | 71 | 16 | 1,202 | | |
| Bahamas | 343 | 53 | 0.771 | | | 85 | 48 | 19 | 930 | 78 | 2.75 |
| Barbados | 274 | 47 | 0.793 | 42 | 4.44 | | | | | | |
| Belize | 345 | 93 | 0.699 | 123 | 3.52 | 93 | 107 | 21 | 1,505 | | |
| Botswana | 2,007 | 118 | 0.633 | 80 | 4.05 | 54 | 150 | 28 | 3,185 | 134 | 2.32 |
| Brunei Darussalam | 399 | 33 | 0.838 | 28 | 4.78 | 83 | 35 | 19 | 680 | | |
| Cameroon | 19,599 | 150 | 0.482 | 116 | 3.61 | 161 | 156 | 23 | 1,379 | 105 | 2.55 |
| Cyprus | 1,103 | 31 | 0.840 | 47 | 4.36 | 40 | 19 | 7 | 790 | 46 | 3.13 |
| Dominica | 68 | 81 | 0.724 | | | 65 | 88 | 13 | 1,340 | | |
| Fiji | 860 | 100 | 0.688 | | | 77 | 113 | 22 | 655 | 144 | 2.24 |
| Ghana | 24,392 | 135 | 0.541 | 114 | 3.65 | 63 | 90 | 19 | 1,013 | 117 | 2.47 |
| Grenada | 104 | 67 | 0.748 | | | 73 | 40 | 10 | 876 | | |
| Guyana | 755 | 117 | 0.633 | 109 | 3.73 | 114 | 82 | 19 | 730 | 140 | 2.27 |
| India | 1,224,615 | 134 | 0.547 | 56 | 4.30 | 132 | 109 | 16 | 1,095 | 47 | 3.12 |
| Jamaica | 2,702 | 79 | 0.727 | 107 | 3.76 | 88 | 97 | 21 | 1,410 | 108 | 2.53 |
| Kenya | 40,513 | 143 | 0.509 | 102 | 3.82 | 109 | 141 | 26 | 2,055 | 99 | 2.59 |
| Malaysia | 28,401 | 61 | 0.761 | 21 | 5.08 | 18 | 29 | 17 | 450 | 29 | 3.44 |
| Malta | 416 | 36 | 0.832 | 51 | 4.33 | | | 0 | | 64 | 2.82 |
| Mauritius | 1,281 | 77 | 0.728 | 54 | 4.31 | 23 | 21 | 13 | 737 | 82 | 2.72 |
| Namibia | 2,283 | 120 | 0.625 | 83 | 4.00 | 78 | 142 | 29 | 1,800 | 152 | 2.02 |
| Nauru | | | | | | | | | | | |
| Nigeria | 158,423 | 156 | 0.459 | 127 | 3.45 | 133 | 149 | 24 | 1,263 | 100 | 2.59 |
| Pakistan | 173,593 | 145 | 0.504 | 118 | 3.58 | 105 | 75 | 21 | 660 | 110 | 2.53 |
| Papua New Guinea | 6,858 | 153 | 0.466 | | | 101 | 99 | 26 | 664 | 124 | 2.41 |

| Commonwealth states | Population 2010 (in '000) | Human Development Index (HDI) | | Global Competitiveness Index (CGI) | | Doing Business | | | | Logistics Performance Indicators (LPI) | |
|----------------------------------|------------------------------|----------------------------------|-----------------|--|-----------------|----------------|------------------------|-----------------------------|--|---|-----------------|
| | | Rank (/187) | Score (/1.0) | Rank (/142) | Score (/7.0) | Rank (/183) | Trading Across Borders | | | Rank (/155) | Score (/5.0) |
| | | | | | | | Rank (/183) | Time to export (days) | Cost to export (US\$ per container) | | |
| Saint Kitts and Nevis | 52 | 72 | 0.735 | | | 95 | 44 | 11 | 850 | | |
| Saint Lucia | 174 | 82 | 0.723 | | | 52 | 110 | 14 | 1,700 | | |
| Saint Vincent and the Grenadines | 109 | 85 | 0.717 | | | 75 | 38 | 12 | 1,075 | | |
| Seychelles | 87 | 52 | 0.773 | | | 103 | 33 | 16 | 876 | | |
| Sri Lanka | 20,860 | 97 | 0.691 | 52 | 4.33 | 89 | 53 | 21 | 715 | 137 | 2.29 |
| Swaziland | 1,056 | 140 | 0.522 | 134 | 3.30 | 124 | 148 | 18 | 1,855 | | |
| Tonga | 104 | 90 | 0.704 | | | 58 | 77 | 20 | 775 | | |
| Trinidad and Tobago | 1,341 | 62 | 0.760 | 81 | 4.00 | 68 | 52 | 14 | 843 | | |
| Singapore | 5,077 | 26 | 0.866 | 2 | 5.63 | 1 | 1 | 5 | 456 | 2 | 4.09 |
| South Africa | 49,991 | 123 | 0.619 | 50 | 4.34 | 35 | 144 | 30 | 1,531 | 28 | 3.46 |
| Australia | 22,299 | 2 | 0.929 | 20 | 5.11 | 15 | 30 | 9 | 1,060 | 18 | 3.84 |
| Canada | 34,126 | 6 | 0.908 | 12 | 5.33 | 13 | 42 | 7 | 1,610 | 14 | 3.87 |
| New Zealand | 4,368 | 5 | 0.908 | 25 | 4.93 | 3 | 27 | 10 | 855 | 21 | 3.65 |
| United Kingdom | 62,232 | 28 | 0.863 | 10 | 5.39 | 7 | 13 | 7 | 950 | 8 | 3.95 |
| Bangladesh | 148,692 | 146 | 0.500 | 108 | 3.73 | 122 | 115 | 25 | 965 | 79 | 2.74 |
| Gambia | 1,729 | 168 | 0.420 | 99 | 3.84 | 149 | 78 | 23 | 831 | 113 | 2.49 |
| Kiribati | 100 | 122 | 0.624 | | | 115 | 85 | 21 | 1,120 | | |
| Lesotho | 2,171 | 160 | 0.450 | 135 | 3.26 | 143 | 147 | 31 | 1,680 | | |
| Malawi | 14,901 | 171 | 0.400 | 117 | 3.58 | 145 | 164 | 41 | 1,675 | | |
| Maldives | 316 | 109 | 0.661 | | | 79 | 137 | 21 | 1,550 | 125 | 2.40 |
| Mozambique | 23,390 | 184 | 0.322 | 133 | 3.31 | 139 | 136 | 23 | 1,100 | 136 | 2.29 |
| Rwanda | 10,624 | 166 | 0.429 | 70 | 4.19 | 45 | 155 | 29 | 3,275 | 151 | 2.04 |
| Samoa | 184 | 99 | 0.688 | | | 60 | 96 | 27 | 820 | | |
| Sierra Leone | 5,867 | 180 | 0.336 | | | 141 | 132 | 24 | 1,573 | 153 | 1.97 |
| Solomon Islands | 538 | 142 | 0.510 | | | 74 | 86 | 24 | 1,030 | 135 | 2.31 |

| Commonwealth states | Population 2010 (in '000) | Human Development Index (HDI) | | Global Competitiveness Index (CGI) | | Doing Business | | | | Logistics Performance Indicators (LPI) | |
|-----------------------------|------------------------------|----------------------------------|-----------------|--|-----------------|----------------|------------------------|-----------------------------|--|---|-----------------|
| | | Rank (/187) | Score (/1.0) | Rank (/142) | Score (/7.0) | Rank (/183) | Trading Across Borders | | | Rank (/155) | Score (/5.0) |
| | | | | | | | Rank (/183) | Time to export (days) | Cost to export (US\$ per container) | | |
| Tuvalu | 10 | | | | | | | | | | |
| Uganda | 33,424 | 161 | 0.446 | 121 | 3.56 | 123 | 158 | 37 | 2,880 | 66 | 2.82 |
| United Republic of Tanzania | 44,841 | 152 | 0.466 | 120 | 3.56 | 127 | 92 | 18 | 1,255 | 95 | 2.60 |
| Vanuatu | 240 | 125 | 0.617 | | | 76 | 128 | 21 | 1,690 | | |
| Zambia | 12,927 | 164 | 0.430 | 113 | 3.67 | 84 | 153 | 44 | 2,678 | 138 | 2.28 |

Source: UNDP's Human Development Index, World Economic Forum's Global Competitiveness Index, World Bank's Doing Business and Logistics Performance Index (2011). Note: figures in the table are simple averages. Indicators are missing for some countries: HDI (1 DC and 1 LDC), GCI (12 DCs and 7 LDCs), DB (3 DCs, 1 LDC), and LPI (14 DCs, 6 LDCs).

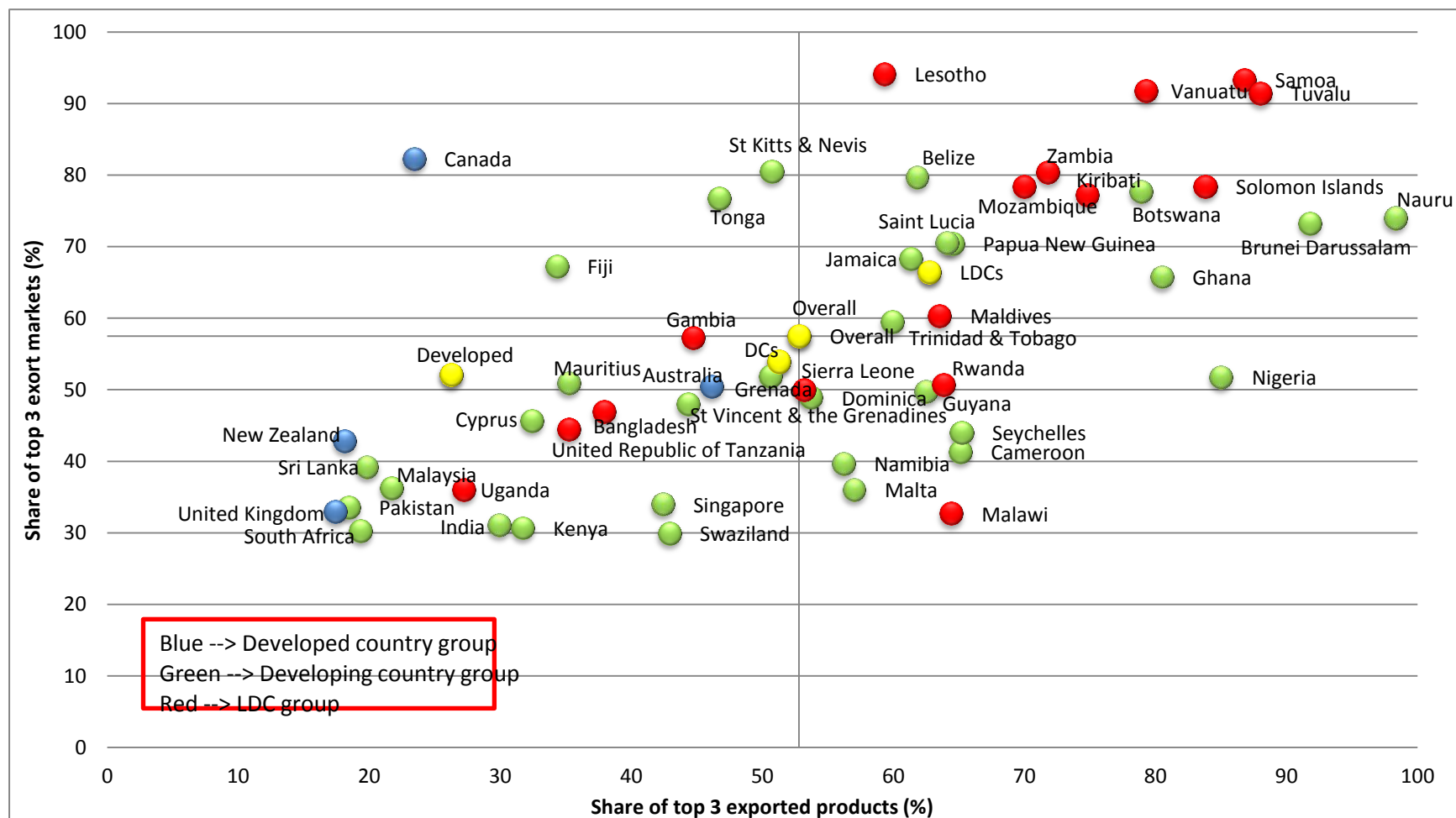
Annex III. Economic Indicators

| Commonwealth states | GDP | | | Exports | | | | | FDI | |
|---------------------|--------------------|----------------|----------------|---------------------------|---------------------------|------------------------------|--------------------------|------------------------------------|-------------------------|-----------------|
| | GDP (US\$ million) | GDP growth (%) | GDP per capita | 2010 value (US\$ million) | 2011 value (US\$ million) | Trade Balance (US\$ million) | Goods export per GDP (%) | Goods export per total exports (%) | In-stock (US\$ million) | Growth rate (%) |
| Australia | 563,049 | 2.8 | 24,335 | 186,853 | 153,401 | -4,731 | 18.4 | 80.7 | 305,519 | 1.8 |
| Canada | 872,784 | 0.8 | 26,200 | 455,718 | 315,420 | 46,978 | 30.4 | 87.4 | 441,638 | 8.8 |
| Cyprus | 12,309 | 2.0 | 15,510 | 1,713 | 1,342 | -9,136 | 6.9 | 15 | 21,066 | 25.5 |
| Malta | 4,604 | 2.4 | 10,631 | 3,029 | 2,280 | -2,112 | 40.7 | 45.3 | 8,226 | 19.3 |
| New Zealand | 63,780 | 0.3 | 14,995 | 30,578 | 24,932 | -3,789 | 23.5 | 77.4 | 51,979 | 0.2 |
| UK | 1,744,580 | 0.0 | 28,955 | 457,743 | 350,018 | -176,706 | 17.1 | 61.8 | 980,920 | 8.7 |
| Antigua & Barbuda | 1,047 | -1.6 | 12,047 | 358 | 1,384 | -1,725 | 29.4 | 12.8 | 2,233 | 18.3 |
| Barbados | 2,521 | -1.6 | | 454 | 323 | -1,290 | 12.3 | | 1,486 | 32.0 |
| Belize | 1,223 | 2.0 | 3,691 | 295 | 1,941 | -541 | 21.7 | 55 | 1,058 | 21.3 |
| Botswana | 8,408 | 2.4 | 4,497 | 2,359 | 2,047 | 1,463 | 17.6 | 84.3 | 885 | -2.6 |
| Brunei Darussalam | 6,697 | -1.2 | 18,150 | 11,183 | 6,972 | 8,791 | 97.5 | 92.4 | 10,361 | 3.2 |
| Cameroon | 13,987 | 2.9 | 703 | 5,376 | 3,561 | 1,541 | 23.0 | 79.7 | 4,065 | 8.1 |
| Dominica | 418 | 2.9 | 4,359 | 40 | 74 | -192 | 11.2 | 23.8 | 526 | 8.7 |
| Fiji Islands | 1,918 | -0.2 | 2,181 | 679 | 582 | -1,009 | 18.9 | 46.8 | 1,926 | 22.3 |
| Ghana | 8,756 | 6.6 | 329 | 3,810 | 3,043 | -4,726 | 22.9 | 74.5 | 4,886 | 24.6 |
| Grenada | 554 | -0.6 | 4,802 | 38 | 18 | -266 | 6.0 | 17.3 | 1,085 | 14.6 |
| Guyana | 906 | 4.0 | 1,104 | 830 | 849 | -516 | 71.9 | 78.8 | 1,422 | 11.7 |
| India | 963,405 | 8.1 | 718 | 181,861 | 176,765 | -133,851 | 15.7 | 64.6 | 123,294 | 34.2 |
| Jamaica | 9,904 | -0.7 | 3,795 | 2,439 | 1,316 | -6,027 | 16.7 | 47.2 | 10,104 | 15.2 |
| Kenya | 18,988 | 4.2 | 453 | 5,001 | 3,259 | -6,127 | 16.5 | 60.8 | 1,989 | 16.2 |
| Malaysia | 147,251 | 4.2 | 5,151 | 198,846 | 157,195 | 42,644 | 89.7 | 86.8 | 73,262 | 14.2 |
| Mauritius | 6,638 | 4.6 | 4,813 | 2,401 | 1,941 | -2,268 | 25.8 | 48.5 | 1,632 | 20.9 |
| Namibia | 6,089 | 3.4 | 2,714 | 4,729 | 2,058 | 41 | 53.5 | 84.9 | 3,472 | -4.2 |
| Nauru | | | | 127 | 24 | 36 | | | | |
| Nigeria | 86,277 | 7.0 | 491 | 81,821 | 49,937 | 53,627 | 39.5 | 97.7 | 63,238 | 19.1 |
| Pakistan | 116,055 | 3.7 | 650 | 20,279 | 17,555 | -22,048 | 12.3 | 83.8 | 16,473 | 21.3 |
| Papua New Guinea | 5,104 | 6.8 | 676 | 6,025 | 4,982 | 2,918 | 73.1 | | 2,312 | 1.0 |

| Commonwealth states | GDP | | | Exports | | | | | FDI | |
|-------------------------------|--------------------|----------------|----------------|---------------------------|---------------------------|------------------------------|--------------------------|------------------------------------|-------------------------|-----------------|
| | GDP (US\$ million) | GDP growth (%) | GDP per capita | 2010 value (US\$ million) | 2011 value (US\$ million) | Trade Balance (US\$ million) | Goods export per GDP (%) | Goods export per total exports (%) | In-stock (US\$ million) | Growth rate (%) |
| Seychelles | 749 | 3.7 | 8,208 | 246 | 367 | -666 | 29.5 | | 557 | -6.3 |
| Singapore | 165,184 | 5.8 | 27,991 | 338,176 | 269,832 | 18,396 | 185.9 | 80.5 | 326,790 | 17.8 |
| South Africa | 187,249 | 5.8 | 3,764 | 73,966 | 53,864 | -13,628 | 26.8 | 87.1 | 68,007 | 1.4 |
| Sri Lanka | 27,029 | 6.1 | 1,199 | 8,177 | 7,103 | -5,452 | 20.2 | 80.2 | 4,283 | 18.5 |
| St Kitts and Nevis | 477 | 0.2 | 9,249 | 74 | 69 | -206 | 13.6 | 24.7 | 1,317 | 13.2 |
| St Lucia | 913 | 2.1 | 4,978 | 117 | 204 | -4,077 | 11.7 | 33.6 | 1,938 | 13.2 |
| St Vincent and the Grenadines | 532 | 0.7 | 4,313 | 52 | 49 | -321 | 8.7 | 27 | 1,114 | 13.3 |
| Swaziland | 1,912 | 2.3 | 1,557 | 972 | 684 | 692 | 34.3 | | 542 | -12.6 |
| The Bahamas | 6,733 | -1.1 | 18,264 | 702 | 2,094 | -2,528 | 9.7 | 27.3 | 7,732 | 12.2 |
| Tonga | 211 | 0.3 | 1,666 | 17 | 15 | -72 | 6.1 | | 84 | 37.9 |
| Trinidad & Tobago | 14,055 | 0.9 | 11,071 | 18,650 | 9,126 | 9,059 | 77.2 | | 16,166 | 10.8 |
| Bangladesh | 82,979 | 6.1 | 462 | 16,692 | 16,448 | -2,187 | 21.0 | 88.9 | 4,816 | 11.7 |
| Kiribati | 76 | 0.1 | 826 | 17 | 42 | -28 | 12.4 | | 141 | 1.3 |
| Lesotho | 1,076 | 4.6 | 517 | 669 | 477 | 361 | 41.2 | 92.9 | 934 | 18.1 |
| Malawi | 2,744 | 7.3 | 158 | 879 | 1,188 | -1,325 | 20.6 | | 760 | 7.8 |
| Maldives | 1,276 | 6.6 | 3,418 | 126 | 78 | -1,261 | 10.0 | 31.9 | 221 | 6.7 |
| Mozambique | 9,117 | 6.9 | 357 | 2,653 | 2,147 | -1,355 | 26.9 | 82.7 | 3,808 | 11.8 |
| Rwanda | 3,594 | 7.0 | 313 | 398 | 44 | -747 | 8.9 | 38.6 | 293 | 43.6 |
| Samoa | 328 | 0.6 | 1,739 | 72 | 46 | -216 | 13.8 | | 80 | 8.6 |
| Sierra Leone | 1,574 | 5.0 | 261 | 357 | 271 | -388 | 18.3 | 82 | 426 | 3.3 |
| Solomon Islands | 616 | 5.9 | 1,136 | 384 | 275 | 123 | 59.5 | | 700 | 17.1 |
| Tanzania | 19,966 | 6.9 | 373 | 3,121 | 2,982 | -4,967 | 15.2 | 58.3 | 6,621 | 8.6 |
| The Gambia | 613 | 5.4 | 374 | 14 | 66 | -315 | 1.7 | 54.5 | 590 | 15.8 |
| Tuvalu | 17 | 0.9 | | 4 | 4 | -93 | | | 32 | 5.9 |
| Uganda | 12,615 | 7.4 | 348 | 1,724 | 851 | -2,802 | 12.0 | 78.9 | 4,189 | 26.3 |
| Vanuatu | 371 | 4.8 | 1,339 | 559 | 159 | 215 | 94.7 | | 1,019 | 14.6 |
| Zambia | 5,587 | 6.5 | 387 | 5,099 | 4,312 | 38 | 35.6 | 94.3 | 8,545 | 14.0 |

Source: World Bank's World Development Indicators, TradeMap, Balance of Payments (BoP), Investment Map. Note: these economic indicators are calculated for 2010. GDP and GDP per capita are expressed in US\$ of 2000. Growth rates refer to the annual growth rates between 2006 and 2010.

Annex IV. Product and market diversification in 2010



Source:

Trade Competitiveness Map.

Annex V. Product and Market Diversification (exports, 2010)

| Country-Exporter | Product Diversification (equiv. number, HS-6) | Rank: Product Diversification | Market Diversification (equiv. number) | Rank: Market Diversification |
|---------------------|--|-------------------------------|---|------------------------------|
| Antigua and Barbuda | | | | |
| Australia | 10.8 | 21 | 9.0 | 21 |
| Bahamas | 10.3 | 22 | 1.7 | 49 |
| Bangladesh | 15.7 | 17 | 10.1 | 19 |
| Barbados | 17.5 | 14 | 8.5 | 24 |
| Belize | 5.6 | 37 | 3.2 | 42 |
| Botswana | 2.8 | 45 | 2.9 | 44 |
| Brunei Darussalam | 2.1 | 47 | 3.8 | 36 |
| Cameroon | 5.8 | 35 | 11.3 | 17 |
| Canada | 34.9 | 8 | 1.8 | 48 |
| Cyprus | 22.3 | 10 | 11.3 | 16 |
| Dominica | 7.0 | 27 | 6.9 | 28 |
| Fiji | 18.2 | 12 | 5.4 | 32 |
| Gambia | 10.8 | 20 | 7.8 | 26 |
| Ghana | 2.8 | 44 | 3.3 | 40 |
| Grenada | 8.8 | 24 | 7.4 | 27 |
| Guyana | 6.5 | 30 | 9.2 | 20 |
| India | 35.4 | 7 | 22.0 | 1 |
| Jamaica | 6.5 | 29 | 3.7 | 39 |
| Kenya | 16.6 | 15 | 18.6 | 4 |
| Kiribati | 3.2 | 43 | 4.0 | 35 |
| Lesotho | 5.6 | 36 | 2.2 | 46 |
| Malawi | 5.9 | 34 | 16.8 | 7 |
| Malaysia | 37.9 | 6 | 14.7 | 9 |
| Maldives | 6.3 | 32 | 6.2 | 31 |
| Malta | 4.4 | 38 | 13.5 | 11 |
| Mauritius | 18.9 | 11 | 8.9 | 22 |
| Mozambique | 3.4 | 41 | 3.1 | 43 |

| Country-Exporter | Product Diversification (equiv. number, HS-6) | Rank: Product Diversification | Market Diversification (equiv. number) | Rank: Market Diversification |
|----------------------------------|--|-------------------------------|---|------------------------------|
| Namibia | 7.7 | 26 | 11.8 | 13 |
| Nauru | 1.7 | 51 | 3.7 | 38 |
| New Zealand | 43.7 | 4 | 11.6 | 14 |
| Nigeria | 2.0 | 48 | 6.9 | 29 |
| Pakistan | 45.9 | 2 | 16.9 | 6 |
| Papua New Guinea | 5.9 | 33 | 4.3 | 33 |
| Rwanda | 6.3 | 31 | 8.5 | 23 |
| saint Kitts and Nevis | | | | |
| saint Lucia | | | | |
| Saint Vincent and the Grenadines | 11.5 | 19 | 6.6 | 30 |
| Samoa | 1.7 | 50 | 1.6 | 51 |
| Seychelles | 3.7 | 39 | 10.9 | 18 |
| Sierra Leone | 8.4 | 25 | 8.4 | 25 |
| Singapore | 16.4 | 16 | 15.6 | 8 |
| Solomon Islands | 1.8 | 49 | 2.0 | 47 |
| South Africa | 45.1 | 3 | 20.2 | 2 |
| Sri Lanka | 43.3 | 5 | 12.9 | 12 |
| Swaziland | 13.8 | 18 | 19.1 | 3 |
| Tonga | 9.5 | 23 | 3.7 | 37 |
| Trinidad and Tobago | 6.8 | 28 | 4.1 | 34 |
| Tuvalu | 2.1 | 46 | 1.7 | 50 |
| Uganda | 22.7 | 9 | 14.2 | 10 |
| United Kingdom | 69.0 | 1 | 17.3 | 5 |
| United republic of Tanzania | 17.8 | 13 | 11.4 | 15 |
| Vanuatu | 3.2 | 42 | 2.7 | 45 |
| Zambia | 3.7 | 40 | 3.2 | 41 |

Source: ITC. Note: equivalent numbers of products or markets are calculated as the inverse of the corresponding Herfindahl index.

Annex VI. Tariff faced by Commonwealth States (%)

| Exporters | World | Importers | | | |
|---------------------|-------|---------------------|-----------|------------|------|
| | | Commonwealth states | | | |
| | | All | Developed | Developing | LDC |
| Antigua and Barbuda | 5.7 | 5.7 | 2.9 | 7.3 | 12.4 |
| Australia | 6.2 | 6.2 | 2.9 | 7.3 | 12.1 |
| Bahamas | 5.7 | 5.7 | 2.8 | 7.3 | 12.2 |
| Bangladesh | 4.1 | 4.1 | 2.2 | 5.2 | 10.5 |
| Barbados | 5.7 | 5.7 | 2.9 | 7.3 | 12.4 |
| Belize | 5.7 | 5.7 | 2.9 | 7.2 | 12.4 |
| Botswana | 5.4 | 5.4 | 3.3 | 6.6 | 9.6 |
| Brunei Darussalam | 5.9 | 5.9 | 3.3 | 7.3 | 12.2 |
| Cameroon | 6.1 | 6.1 | 3.4 | 7.6 | 12.8 |
| Canada | 6.8 | 6.8 | 3.6 | 7.3 | 12.1 |
| Cyprus | 5.8 | 5.8 | 3.6 | 7.0 | 12.1 |
| Dominica | 5.7 | 5.7 | 2.9 | 7.2 | 12.4 |
| Fiji | 6.0 | 6.0 | 3.3 | 7.4 | 12.9 |
| Gambia | 5.7 | 5.7 | 2.3 | 7.5 | 12.4 |
| Ghana | 6.1 | 6.1 | 3.4 | 7.5 | 12.4 |
| Grenada | 5.7 | 5.7 | 2.9 | 7.2 | 12.4 |
| Guyana | 5.7 | 5.7 | 2.9 | 7.3 | 12.4 |
| India | 4.7 | 4.7 | 3.3 | 5.5 | 12.1 |
| Jamaica | 5.7 | 5.7 | 2.9 | 7.3 | 12.4 |
| Kenya | 5.8 | 5.8 | 3.3 | 7.3 | 8.9 |
| Kiribati | 5.6 | 5.6 | 2.2 | 7.5 | 12.9 |
| Lesotho | 5.0 | 5.0 | 2.2 | 6.6 | 9.7 |
| Malawi | 3.6 | 3.6 | 2.2 | 4.3 | 9.0 |
| Malaysia | 5.9 | 5.9 | 3.3 | 7.8 | 12.2 |
| Maldives | 4.2 | 4.2 | 2.2 | 5.2 | 12.1 |

| Exporters | Importers | | | | |
|----------------------------------|-----------|---------------------|-----------|------------|------|
| | World | Commonwealth states | | | |
| | | All | Developed | Developing | LDC |
| Malta | 5.8 | 5.8 | 3.6 | 7.0 | 12.1 |
| Mauritius | 5.4 | 5.4 | 3.3 | 6.6 | 8.9 |
| Mozambique | 3.7 | 3.7 | 2.2 | 4.3 | 10.4 |
| Namibia | 5.4 | 5.4 | 3.3 | 6.6 | 9.6 |
| Nauru | 6.0 | 6.0 | 3.3 | 7.4 | 12.3 |
| New Zealand | 6.0 | 6.0 | 3.5 | 7.3 | 12.1 |
| Nigeria | 5.8 | 5.8 | 3.4 | 7.1 | 12.4 |
| Pakistan | 5.1 | 5.1 | 3.3 | 5.9 | 12.1 |
| Papua New Guinea | 6.0 | 6.0 | 3.3 | 7.5 | 12.9 |
| Rwanda | 4.0 | 4.0 | 2.2 | 4.9 | 9.0 |
| Saint Kitts and Nevis | 5.7 | 5.7 | 2.9 | 7.2 | 12.4 |
| Saint Lucia | 5.7 | 5.7 | 2.9 | 7.2 | 12.4 |
| Saint Vincent and the Grenadines | 5.7 | 5.7 | 2.9 | 7.2 | 12.4 |
| Samoa | 4.2 | 4.2 | 2.3 | 5.1 | 12.3 |
| Seychelles | 5.9 | 5.9 | 3.3 | 7.3 | 12.2 |
| Sierra Leone | 5.7 | 5.7 | 2.3 | 7.5 | 12.4 |
| Singapore | 6.5 | 6.5 | 3.2 | 8.9 | 12.2 |
| Solomon islands | 5.6 | 5.6 | 2.2 | 7.5 | 12.9 |
| South Africa | 5.8 | 5.8 | 3.3 | 7.3 | 9.7 |
| Sri Lanka | 4.2 | 4.2 | 3.3 | 4.4 | 12.1 |
| Swaziland | 5.4 | 5.4 | 3.3 | 6.6 | 9.6 |
| Tanzania, United Republic of | 3.6 | 3.6 | 2.2 | 4.3 | 9.1 |
| Tonga | 6.0 | 6.0 | 3.3 | 7.5 | 12.9 |
| Trinidad and Tobago | 5.8 | 5.8 | 2.9 | 7.4 | 12.4 |
| Tuvalu | 5.6 | 5.6 | 2.3 | 7.4 | 12.3 |
| Uganda | 4.0 | 4.0 | 2.2 | 4.9 | 9.8 |

| Exporters | World | Importers | | | |
|----------------|-------|---------------------|-----------|------------|------|
| | | Commonwealth states | | | |
| | | All | Developed | Developing | LDC |
| United Kingdom | 5.8 | 5.8 | 3.6 | 7.0 | 12.1 |
| Vanuatu | 5.6 | 5.6 | 2.2 | 7.5 | 12.9 |
| Zambia | 5.0 | 5.0 | 2.2 | 6.6 | 10.5 |

Source: MAcMap.

Annex VII. Tariff Escalation by Processing Stage (%)

| | Overall | | | Agriculture | | | Industry | | |
|---------------------|---------|----------------|-----------|-------------|----------------|-----------|----------|----------------|-----------|
| | Primary | Semi-processed | Processed | Primary | Semi-processed | Processed | Primary | Semi-processed | Processed |
| Antigua and Barbuda | 2.2 | 7.6 | 12.0 | 13.7 | 19.0 | 15.6 | 0.6 | 6.1 | 11.1 |
| Australia | 0.1 | 3.0 | 5.0 | 0.2 | 0.9 | 2.7 | 0.1 | 3.1 | 5.1 |
| Bahamas | 16.7 | 35.4 | 26.5 | 18.8 | 2.5 | 12.4 | 14.7 | 37.6 | 28.0 |
| Bangladesh | 9.9 | 12.7 | 14.6 | 7.4 | 15.4 | 18.3 | 12.5 | 12.6 | 14.2 |
| Barbados | 7.8 | 11.4 | 47.4 | 23.7 | 26.8 | 105.6 | 5.6 | 9.4 | 35.5 |
| Belize | 3.0 | 8.8 | 18.1 | 15.5 | 25.5 | 52.8 | 1.3 | 6.6 | 11.1 |
| Botswana | 7.1 | 2.6 | 7.4 | 19.6 | 0.5 | 13.0 | 3.4 | 2.7 | 6.9 |
| Brunei Darussalam | 3.3 | 0.5 | 6.3 | 16.5 | 0.0 | 13.8 | 0.2 | 0.5 | 6.0 |
| Cameroon | 9.3 | 13.7 | 15.3 | 4.4 | 24.0 | 21.9 | 9.9 | 12.6 | 14.3 |
| Canada | 0.9 | 0.4 | 3.7 | 6.7 | 5.5 | 37.6 | 0.1 | 0.3 | 1.6 |
| Cyprus | 0.6 | 0.8 | 1.0 | 3.4 | 13.6 | 8.1 | 0.1 | 0.5 | 0.6 |
| Dominica | 2.8 | 6.8 | 11.9 | 14.5 | 18.8 | 21.4 | 1.2 | 5.2 | 10.0 |
| Fiji | 48.5 | 63.6 | 29.2 | 19.0 | 27.0 | 45.4 | 65.0 | 67.1 | 27.7 |
| Gambia | 13.8 | 13.1 | 15.4 | 10.9 | 11.2 | 17.5 | 17.6 | 13.3 | 15.2 |
| Ghana | 10.8 | 13.3 | 9.8 | 15.5 | 12.0 | 18.6 | 4.6 | 13.5 | 8.9 |
| Grenada | 6.3 | 7.8 | 12.1 | 14.6 | 19.3 | 17.9 | 5.1 | 6.3 | 11.0 |
| Guyana | 3.0 | 8.5 | 14.5 | 16.4 | 26.3 | 33.0 | 1.2 | 6.2 | 10.8 |
| India | 7.2 | 7.7 | 15.4 | 32.9 | 37.4 | 48.9 | 3.0 | 7.0 | 13.3 |
| Jamaica | 2.3 | 6.2 | 10.9 | 14.7 | 25.2 | 19.6 | 0.6 | 3.8 | 9.2 |
| Kenya | 6.6 | 11.8 | 8.9 | 17.9 | 58.6 | 18.8 | 3.3 | 7.8 | 8.0 |
| Kiribati | 13.4 | 12.9 | 16.7 | 5.9 | 36.4 | 39.5 | 17.6 | 10.7 | 14.5 |
| Lesotho | 7.4 | 2.6 | 7.4 | 20.9 | 0.5 | 13.0 | 3.4 | 2.7 | 6.9 |
| Malawi | 11.1 | 10.2 | 12.1 | 13.4 | 23.0 | 21.3 | 8.7 | 8.7 | 11.1 |

| | Overall | | | Agriculture | | | Industry | | |
|----------------------------------|---------|----------------|-----------|-------------|----------------|-----------|----------|----------------|-----------|
| | Primary | Semi-processed | Processed | Primary | Semi-processed | Processed | Primary | Semi-processed | Processed |
| Malaysia | 5.5 | 9.7 | 4.8 | 17.7 | 0.9 | 19.9 | 2.6 | 10.0 | 4.0 |
| Maldives | 17.3 | 18.2 | 28.9 | 14.4 | 8.4 | 21.2 | 20.1 | 18.9 | 29.7 |
| Malta | 0.6 | 0.8 | 1.0 | 3.4 | 13.6 | 8.1 | 0.1 | 0.5 | 0.6 |
| Mauritius | 0.1 | 0.2 | 1.6 | 0.9 | 0.3 | 2.1 | 0.0 | 0.2 | 1.5 |
| Mozambique | 4.7 | 6.0 | 8.4 | 5.5 | 10.9 | 14.4 | 4.5 | 5.6 | 7.9 |
| Namibia | 7.4 | 2.6 | 7.4 | 21.0 | 0.5 | 13.2 | 3.4 | 2.7 | 6.9 |
| New Zealand | 0.1 | 1.0 | 2.0 | 0.0 | 0.8 | 1.7 | 0.1 | 1.0 | 2.0 |
| Nigeria | 8.6 | 11.2 | 11.7 | 9.3 | 17.6 | 20.7 | 7.7 | 10.5 | 10.8 |
| Pakistan | 5.5 | 11.0 | 20.3 | 7.9 | 13.3 | 20.2 | 3.1 | 10.8 | 20.3 |
| Papua New Guinea | 2.4 | 3.7 | 3.0 | 4.5 | 29.5 | 15.0 | 1.1 | 1.2 | 1.9 |
| Rwanda | 6.1 | 11.4 | 8.9 | 15.6 | 53.8 | 18.9 | 3.4 | 7.8 | 8.0 |
| Saint Kitts and Nevis | 1.4 | 6.8 | 12.4 | 9.9 | 19.7 | 15.9 | 0.3 | 5.1 | 11.7 |
| Saint Lucia | 2.5 | 6.2 | 9.7 | 11.2 | 18.2 | 16.1 | 1.3 | 4.6 | 8.4 |
| Saint Vincent and the Grenadines | 6.1 | 7.4 | 11.8 | 13.2 | 20.7 | 15.6 | 5.2 | 5.7 | 10.9 |
| Seychelles | 14.7 | 0.2 | 17.9 | 41.5 | 0.0 | 40.0 | 7.0 | 0.2 | 15.9 |
| Sierra Leone | 11.1 | 12.1 | 15.2 | 11.9 | 19.0 | 19.3 | 10.0 | 11.3 | 14.7 |
| Singapore | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.6 | 0.0 | 0.0 | 0.0 |
| Solomon Islands | 3.0 | 8.4 | 12.1 | 3.7 | 6.4 | 33.4 | 2.6 | 8.6 | 9.2 |
| South Africa | 9.6 | 2.3 | 6.7 | 19.7 | 0.4 | 11.7 | 6.6 | 2.5 | 6.3 |
| Sri Lanka | 10.9 | 5.2 | 13.8 | 20.3 | 19.4 | 44.8 | 1.5 | 4.2 | 10.6 |
| Swaziland | 7.4 | 2.6 | 7.4 | 20.9 | 0.5 | 13.0 | 3.4 | 2.7 | 6.9 |
| Tanzania, United Republic of | 6.8 | 12.5 | 9.6 | 18.0 | 61.8 | 20.7 | 3.5 | 8.2 | 8.6 |
| Tonga | 16.1 | 12.0 | 4.3 | 14.8 | 5.3 | 8.1 | 16.8 | 12.6 | 3.9 |
| Trinidad and Tobago | 1.9 | 5.2 | 14.8 | 11.7 | 24.7 | 40.1 | 0.6 | 2.7 | 9.7 |
| Tuvalu | 3.7 | 1.8 | 4.2 | 2.6 | 0.4 | 18.3 | 5.7 | 2.0 | 3.0 |

| | Overall | | | Agriculture | | | Industry | | |
|----------------|---------|----------------|-----------|-------------|----------------|-----------|----------|----------------|-----------|
| | Primary | Semi-processed | Processed | Primary | Semi-processed | Processed | Primary | Semi-processed | Processed |
| Uganda | 6.5 | 12.0 | 8.9 | 17.3 | 59.4 | 19.1 | 3.4 | 7.9 | 8.0 |
| United Kingdom | 0.6 | 0.8 | 1.0 | 3.4 | 13.6 | 8.1 | 0.1 | 0.5 | 0.6 |
| Vanuatu | 8.9 | 12.8 | 16.2 | 16.2 | 24.1 | 42.6 | 4.9 | 11.7 | 13.7 |
| Zambia | 8.1 | 7.3 | 12.5 | 12.6 | 20.8 | 16.0 | 6.8 | 6.2 | 12.2 |

Source: MAcMap. Note: data for Nauru and Samoa is missing.

Acronyms

| | |
|--------|--|
| ASEAN | Association of South East Asian Nations |
| BRIC | Brazil Russia India China |
| COMESA | Common Market for Eastern and Southern Africa |
| DC | Developing country |
| EU | European Union |
| FDI | Foreign Direct Investment |
| FTA | Free Trade Agreement |
| G&S | Goods and Services |
| GCI | Global Competitiveness Index |
| GSP | Generalised System of Preferences |
| HDI | Human Development Index |
| HS | Harmonised System |
| ITC | International Trade Centre |
| LDC | Least Developed Country |
| LPI | Logistics Performance Index |
| OECD | Economic Co-operation and Development |
| RTA | Regional Trade Agreement |
| SAARC | South Asian Association for Regional Cooperation |
| SADC | Southern Africa and Development Community |
| SIDS | Small Island Developing States |
| TCA | Trade Cooperation Agreement |
| UNDP | United Nations Development Programme |
| US\$ | United States Dollars |
| WEF | World Economic Forum |
| WTO | World Trade Organization |

Street address:
International Trade Centre
54-56 Rue de Montbrillant
1202 Geneva, Switzerland

P: +41 22 730 0111
F: +41 22 733 4439
E: itcreg@intracen.org
www.intracen.org

Postal address:
International Trade Centre
Palais des Nations
1211 Geneva 10, Switzerland

